Findings and Recommendations

Connecticut's Welfare Reform Initiative

Approved December 18, 2006

Legislative Program Review & Investigations Committee

CONNECTICUT GENERAL ASSEMBLY

Introduction

Welfare Reform

The Jobs First program, Connecticut's welfare program, is financed by both the federal Temporary Assistance for Needy Families (TANF) block grant and state funds. There are two parts to the Jobs First program – temporary family assistance (TFA), which gives cash benefits to clients, and the Jobs First Employment Services (JFES) program, which provides employment services to TFA recipients who are not considered "exempt" from work requirements. For these "time-limited" clients participating in the JFES program, cash assistance is limited to 21 months (although extensions to the time limits are possible) and recipients are required to work or participate in employment services. TFA recipients who are exempt from the JFES program fall under specific exemption categories, and their status can change from exempt to time-limited if their circumstances change.

In April 2006, the program review committee authorized a study of Connecticut's Welfare Reform Initiative. The scope of study approved by the committee required the review to: 1) describe the exempt and non-exempt families currently enrolled in the Jobs First program by comparing barriers to employment, financial conditions, and the services received by each group; 2) evaluate the implementation and success of the JFES program including measuring the level of economic change experienced by participants; and 3) describe how Connecticut has allocated its TANF block grant and related state funds.

The TANF program was reauthorized in February 2006 by Congress under the Deficit Reduction Act (DRA) of 2005 and contains several changes that will affect how states operate their programs. A major change will require Connecticut to double the number of time-limited clients participating in work activities. Failure to meet federally mandated work participation rates (WPRs) could result in the loss of TANF funds.

The committee finds that the changes in the DRA have increased the pressure on states, including Connecticut, to enroll clients in countable activities in order to meet WPRs. As a result, the JFES program, as currently structured, will most likely fail to meet the WPR without program changes and thus the state faces potential penalties (a $13 million reduction in the TANF block grant received the first year and steeper reductions in subsequent years).

Connecticut will face considerable obstacles in meeting the new federal work participation rates. However, based on the results of a sample of welfare clients, the committee made a number of findings that suggest steps the state can take to improve its work participation rate, some administrative:

- *there are some exempt and time-limited clients who are working but currently are not being counted toward the WPR;*
- *some time-limited clients are not participating in JFES and are falling through the cracks even though their 21-month time counters are running;*

- *many single mothers, while exempt from participating in JFES due to caring for a child under one, actually have jobs;*
- *most individual JFES activities do not make much of a difference in terms of clients obtaining employment but the combination of multiple types of activities do; and*
- *clients frequently switch between exempt and time-limited status.*

Given the pressure faced by the state, it is clear that the two agencies responsible for aspects of Connecticut's welfare program, the Department of Social Services (DSS) and the Department of Labor (DOL), need to make every effort to capture working clients in the WPR and ensure all required clients are participating in JFES. The current DSS automated system is a serious barrier to agency staff efficiently and effectively performing their responsibilities.

The committee found many families left cash assistance without jobs. The current safety net programs need to be used more often as early as possible, and be available to those who are unable to seek or maintain employment despite making a good faith effort.

The committee believes the goal of the state's welfare program should be focused on not only engaging many more clients in work activities that lead them towards employment in order to meet these aggressive work rates, but to help families become and remain better off. Thus, the reauthorization also provides an opportunity to reassess state policies and set new goals that will help Jobs First clients meet with success. These goals should include helping families address barriers to employment, such as attaining a GED or high school diploma, identification and treatment of substance abuse, and offering work supports to promote employment retention.

Recommendations put forth by the committee focus on rewarding work in order for families to achieve economic and employment stability. Clients have historically faced difficult hurdles in obtaining and maintaining employment especially given two features of the Jobs First program: low client payments and the significant drop-off in payments that occurs between the 21st and 22nd month. The TFA cash benefit amount has not been increased since 1991 and actually was reduced in 1995. In addition, although Connecticut allows clients to earn up to the federal poverty level (FPL) without eliminating cash assistance during the 21-month time limit, after that, clients are ineligible if their incomes exceed the very low TFA cash benefit amount, not the FPL. This policy creates a very large and abrupt financial cliff at the very time a client needs this work support. The committee believes that both these issues need to be addressed if the state is going to improve its work participation rate as required by federal law. In the absence of meeting the work participation rate, the state will face financial sanctions, resources that could have gone to address these two key problems.

Another program that supports working families is a state earned income tax credit. Currently, the committee found Connecticut participation in the federal EITC is low compared to states with similar demographics that have their own EITC programs. Thus, it also is an effective way for a state to maximize participation in the Federal EITC program. Therefore, the committee recommends a study comparing the costs and benefits of adopting a state earned income tax credit program versus using the funds for programs that address barriers to employment, such as child care and transportation.

Methods

Program review committee staff reviewed national literature as well as Connecticut specific studies conducted on welfare. Federal and state laws and regulations, as well as DSS policies and procedures governing TANF, were also examined. The committee held a public hearing in October 2006 to solicit testimony from clients, advocacy groups, DSS, DOL, and others on the impact of Connecticut's welfare reform initiative.

Committee staff also conducted a multitude of on-site interviews with key stakeholders. These included legislators, legislative staff, members of the TANF Council, DSS central office and regional staff, DOL central office staff, Connecticut Employment and Training Commission (CETC) members, staff from the Office of Workforce Competitiveness (OWC), directors of the Workforce Investment Boards (WIBs), and advocacy organizations.

Program review committee staff compiled a database consisting of 1,278 Jobs First clients that were granted TFA in October 2003. Answers to many of the study questions are based on the background and experiences of these clients throughout their time on TFA, in contrast to a snapshot approach of all TFA recipients at a given point in time. Committee staff built a database from four automated sources: 1) DSS' Eligibility Management System; 2) DOL's CTWorks Business System; 3) DOL's Wage Records Database; and 4) DOL's Unemployment Insurance Benefits Database.

The study also provides additional information on current federal and state welfare funding streams, changes that occurred over time during the transition from AFDC to TANF funding, and the types of programs being funded.

Report Format

The report contains eight sections. Section I provides an overview of the Jobs First program and highlights caseload and funding trends. The second section provides an analysis of recipient characteristics contained in the 1,278 sample cases (representing 1,171 families), while Section III describes these clients' experiences with JFES. Section IV examines the outcomes of the sample client population. Section V discusses the federal earned income tax section and proposes a similar program for Connecticut. Section VI explains how different poverty measures are used to identify the poor and recommendations modifying the thresholds for TFA eligibility and extension criteria. Section VII proposes a variety of recommendations aimed at increasing the work participation rate in Connecticut. Finally, the last section discusses federal requirements regarding how states must verify that clients are actually engaged in work activities. Committee recommendations may be found in the relevant sections

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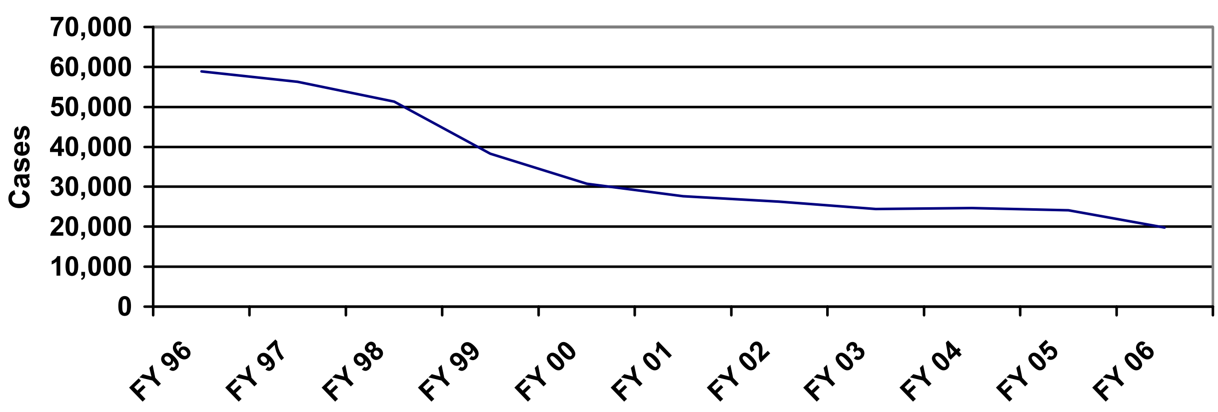
Section I

Jobs First Caseload and Funding Trends

This section examines changes in the Jobs First client population and how the Temporary Assistance for Needy Families (TANF) and state Maintenance of Effort (MOE) funds have been used to support the four goals of the TANF program. Program review committee staff collected caseload and financial information from the two state agencies involved in administering the Jobs First Program -- DSS and DOL.[1] The information obtained from DSS focuses on the cash assistance portion of the program for both exempt and non-exempt clients. The labor department produces reports on Jobs First clients who participate in Jobs First Employment Services (JFES) activities. These participants include both time-limited clients and those who are exempt but choose to voluntarily participate in JFES.

Overall Jobs First caseload. As noted in the briefing, there has been a dramatic drop in the average monthly Jobs First caseload since FY 96 (Figure I-1). While caseloads decreased from an average monthly number of almost 59,000 in FY 96 to about 20,000 in June 2006, the greatest drop occurred between FY 98 and FY 00 when many of the first recipients obtained jobs or reached the time limits and were removed from the welfare rolls. As of June 30, 2006, there were 42,154 Jobs First recipients -- 13,034 were adults and 29,120 were children.

Figure I-I. CT Jobs First Caseloads



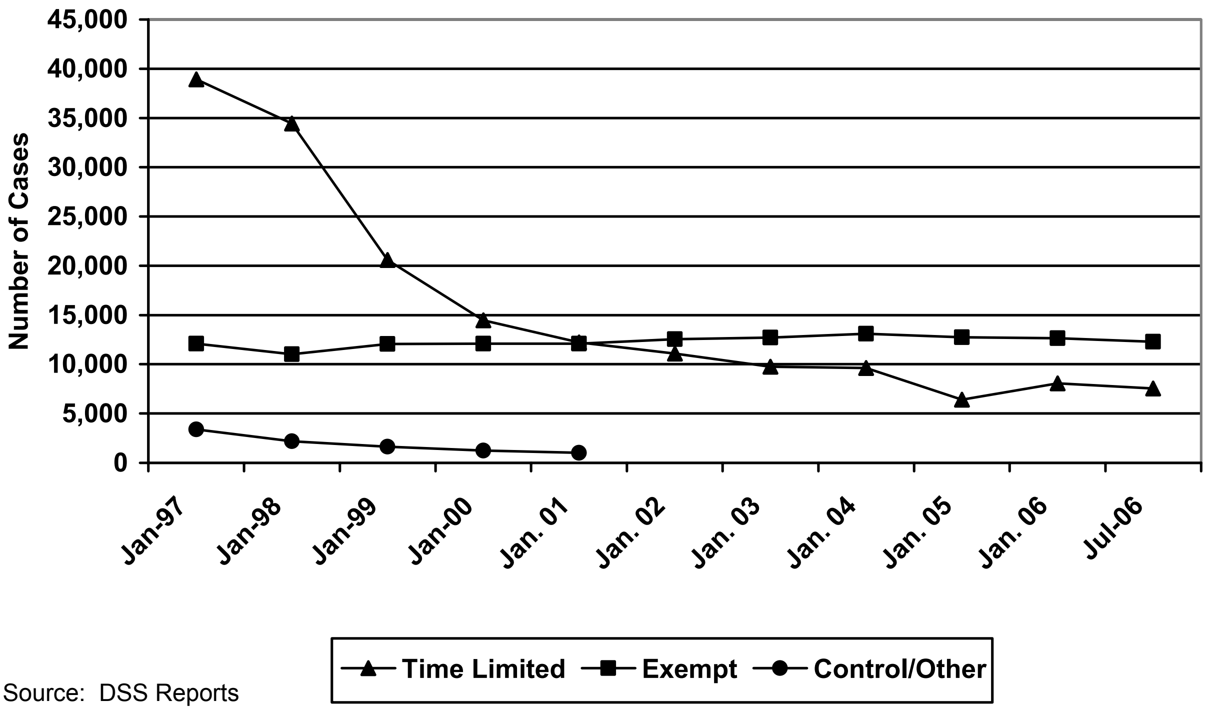
Source: OFA

Time-limited versus exempt. Figure I-2 trends the number of cases that were time-limited and therefore subject to the 21-month time limit and those exempt from participation in JFES. For the first six years of the program, Connecticut operated under a federal waiver and placed some clients in a control group to measure certain waiver elements. The waiver expired in 2001 and those recipients were placed into either the time-limited or exempt category. Over

[1] Caseload data contains the entire assistance unit while clients refers only to the individual.

the years, as shown in the figure, caseloads have shrunk significantly since the advent of welfare reform. Because the time-limited cases are much more likely to be removed from the caseload, since FY 01 the number of exempt cases has either equaled or exceeded those that are time-limited. As of June 2006, there were 7,555 cases that were time-limited and 12,305 were exempt. "Child-only" cases[2] accounted for almost 70 percent of the exempt cases as of June 2006.

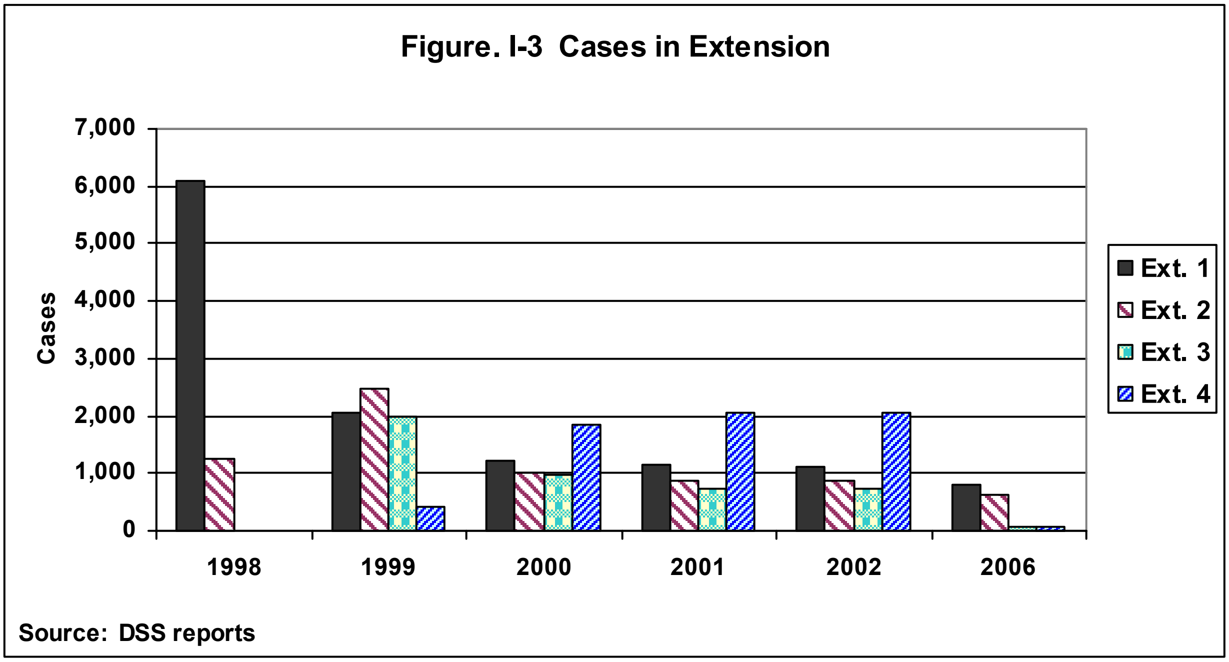
Figure I-2. Time-Limited V. Exempt from Work Requirements Cases



Source: DSS Reports

Clients in extensions. Figure I-3 shows the number of clients who received one or more extensions and the extension number for six points in time for which data were readily available. In 2003, it became much more difficult to gain more than two extensions when the legislature adopted stricter criteria under P.A. 03-2. In June 2006, there were 1,438 clients on their first or second extension, and 138 clients with three or more. Almost all of the clients in their first or second extension were granted the extension because they had made a "good faith effort" to comply with program requirements, but still were below the financial thresholds used to determine continued eligibility. Reasons for receiving more than two extensions included multiple barriers to employment, followed by a household experiencing issues of domestic violence.

[2] A "child-only" case is where the adult in the family is not counted when calculating the assistance amount because the adult is: not the child's parent; is the child's parent and receives Supplemental Security Income for a disability; or is an ineligible alien. Any relative, legal guardian or individual acting in loco parentis may receive assistance for a child.



Clients under sanction. When a time-limited client does not comply with an employment service requirement without good cause, the client is sanctioned through a penalty process. During the first 21 months, the penalties are imposed as follows:

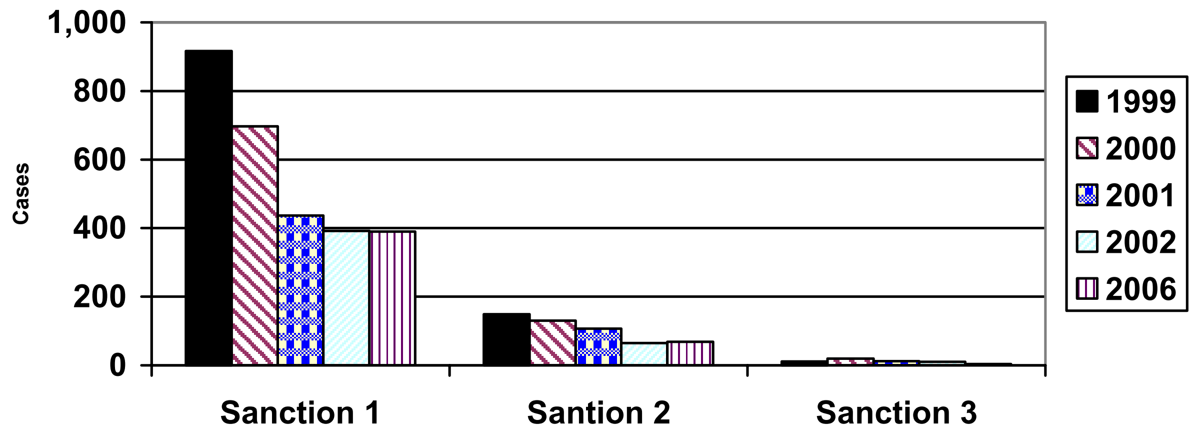
- 1st penalty – TFA is reduced by 25 percent;
- 2nd penalty – TFA is reduced by 35 percent; and
- 3rd penalty – TFA is discontinued and client may not reapply for TFA for at least three months

If a client is sanctioned during an extension, TFA is discontinued, the client is referred to the Safety Net program (discussed in the briefing report), and is not eligible for future TFA extensions. Clients can only receive TFA again if they become exempt rather than time-limited, or experience circumstances beyond their control that prevent them from working.

Sanctions affect the TANF work participation rate formula described in the briefing. During the first 21 months, clients who receive their first sanction are removed from the work participation denominator, while clients in their second sanction are included in the denominator. Since clients on their second sanction are unlikely to be engaged in work participation activities, this has the effect of lowering the work participation rate.

Figure I-4 shows the number of sanctioned cases and the number imposed over six periods of time. In June 2006, there were 390 cases that had received a first sanction, 68 cases were in their second sanction, and only four had been sanctioned for a third time.

Figure I-4. Jobs First Sanctioned Cases



In terms of the percent of cases sanctioned compared to the total time-limited caseload, in 1999 about 4.5 percent of cases had received a first sanction and in 2006 it was about 5 percent. Less than one percent of time-limited cases ever receive a second or third sanction in any of the years shown.

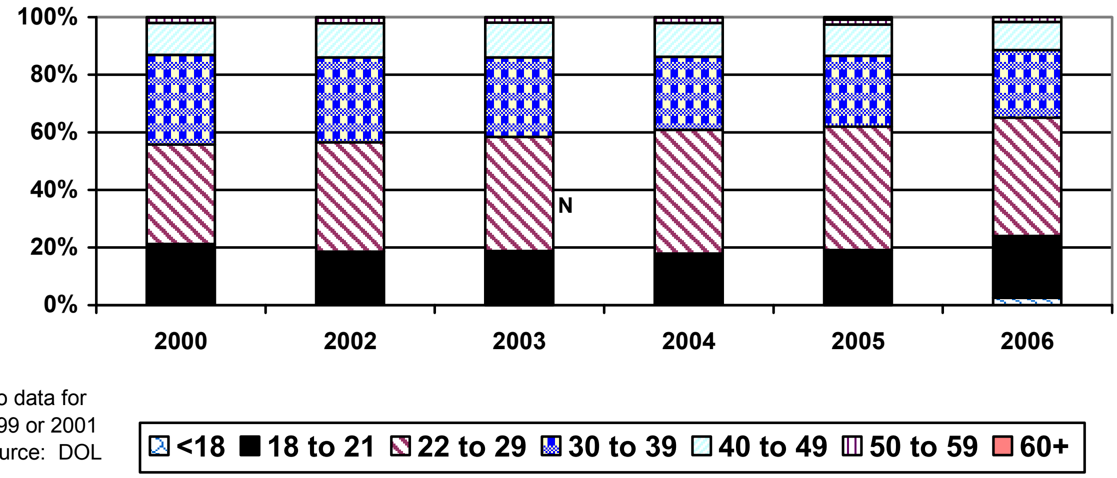
Jobs First Employment Services (Time-Limited Clients)

Trends. The Performance Measurement Unit within the Department of Labor produces an annual report since June 1999 (except for 2001 when no report was published) on Jobs First clients participating in JFES. The report, entitled "At-A-Squint" included demographic information on clients as well as the types of activities that individuals participated in. Comparing the June 1999 and June 2006 reports shows:

- *the vast majority of time-limited clients are female (90 percent in 2006 compared to 86 percent in 1999);*
- *ethnicity has remained relatively the same over the eight years;*
- *almost 50 percent of clients in 2006 had completed 12th grade compared to 45 percent in 1999; and*
- *13 percent of JFES clients had some college in 2006 compared to only 6 percent in 1999.*

Age of JFES participants. Figure I-5 shows the age of JFES participants at a point in time (June of each fiscal year). As the figure illustrates, the bulk of participants fall between the ages of 22 and 29 years old (35 percent in 2000 growing to 41 percent by 2006). The next largest age group is clients between 30 and 39 years old (31 percent in 1999 and decreasing to 23 percent by 2006). Three percent of the clients were under age 18 in 2006.

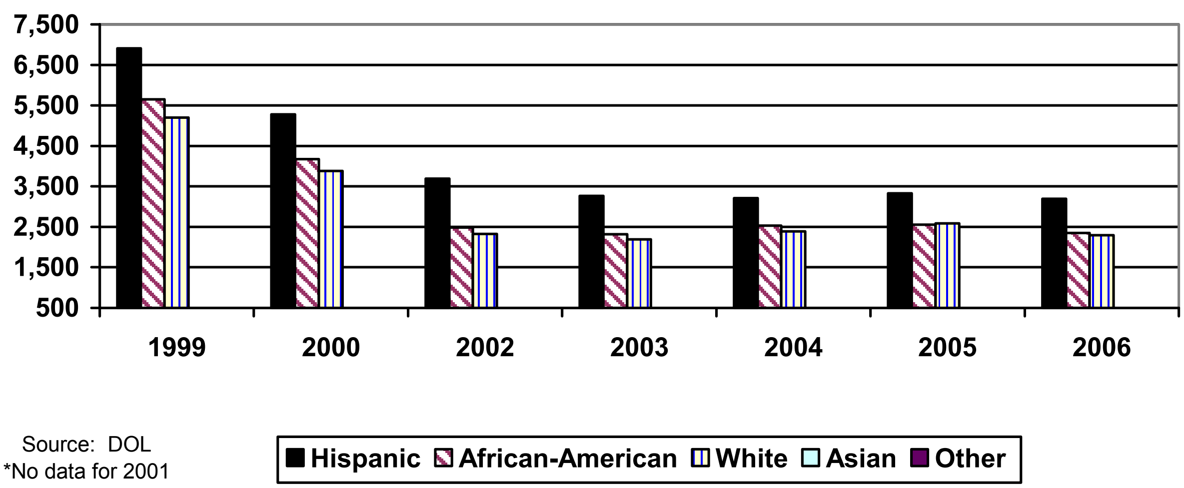
Figure I-5. Age of JFES Participants (as of June*)



*No data for 1999 or 2001
Source: DOL

Ethnicity. Figure I-6 shows the number of JFES clients by ethnicity. The number of Hispanic clients increased from 38 percent of total JFES clients in 1999 to 40 percent of the clients in 2006. While clients who are African-American decreased slightly (from 31 percent in 1999 to 30 percent in 2006) over the same time period, the proportion of other ethnic groups remained the same.

Figure I-6. Ethnicity (as of June*)



Source: DOL
*No data for 2001

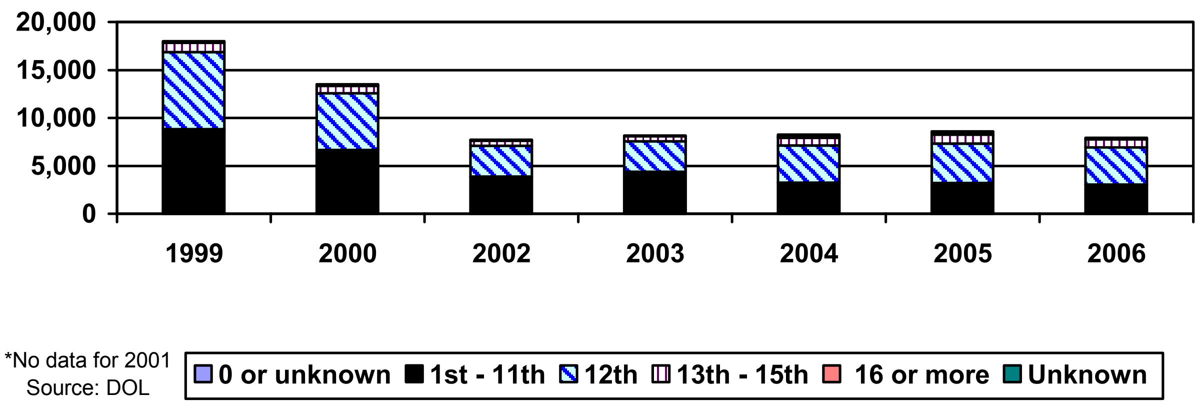
Education. JFES participants have become more educated over time (Figure I-7). In June 1999, the client educational profile was:

- 49 percent had not completed high school;

- 45 percent had a high school diploma;
- 5 percent had some college; and
- 1 percent had 4 years of college or more.

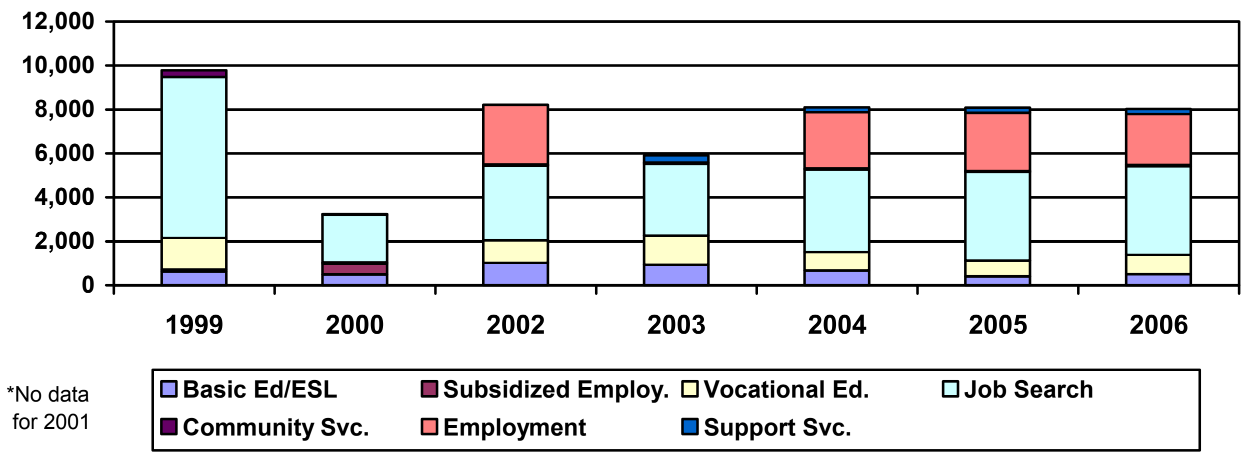
By 2006, 50 percent of clients had completed high school; 11 percent had some college; and 2 percent had four years of college.

Figure I-7. Education Levels (as of June*)



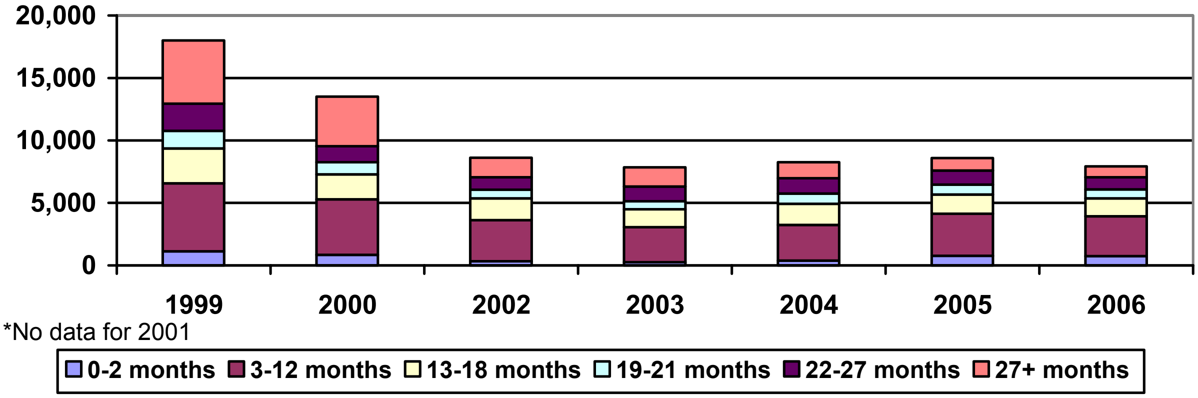
Employment activities. Almost 8,000 clients were enrolled in JFES in 2006. Of those: 5,972 clients were enrolled in employment activities in June 2006 (clients may be enrolled in more than one activity) and the most frequent activity was participation in job search Figure I-8). The percent engaged in this activity dropped from 75 percent in June 1999 to 50 percent in 2006, while 29 percent were employed. Basic education as an activity accounted for only 6 percent of clients and vocational education was 11 percent in June 2006.

Figure I-8. Employment Activities (June*)



Months elapsed. Figure I-9 identifies the number of months elapsed for time-limited clients enrolled in the JFES program. The number of clients who were on the program for 27 or more months has decreased dramatically from a high of 5,040 in 1999 to 873 in 2006 (i.e., the 21-month initial period plus at least one six month extension).

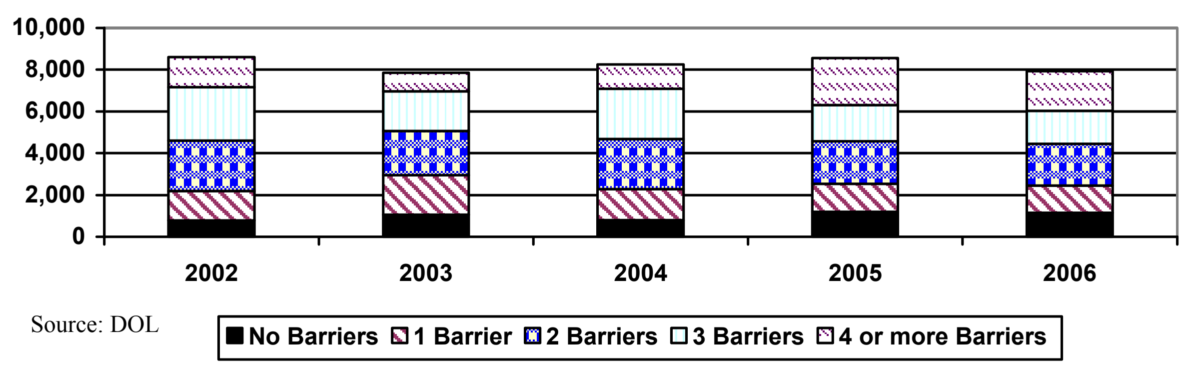
Figure I-9. Time-Limited Months Elapsed (as of June*)



*No data for 2001

Employment barriers. The number of client employment barriers identified at the time of JFES registration is shown in Figure I-10. This represents the number of barriers identified by JFES case managers in developing participants' employment plans and do not necessarily reflect the total actual number of current employment barriers experienced by clients. Most research indicates that certain client barriers remain unidentified, either because the client is not reporting the problem (such as a substance abuse or mental health problem) or it is not being detected by the case manager (such as learning disabilities).

Figure I-10. Number of Employment Barriers at Registration (as of June)



Source: DOL

Even though the overall number of clients has decreased since 2002, the number of clients with barriers has remained relatively the same. In addition, the number of clients with four or more barriers has grown over the five years shown and now comprises an even larger proportion of the 2006 caseload.

Trends in the Use of TANF and State Maintenance of Effort Dollars

As noted in the briefing, states fund their welfare programs with a combination of federal and state funds from two primary sources – the annual federal TANF block grant and state maintenance of effort (MOE) dollars to meet federal MOE standards. These federal standards require states to maintain historical levels of state spending of at least 75 percent of what they were spending in FY 94 on cash assistance-related programs.

TANF block grant. Since 1997, Connecticut has received a flat TANF block grant of almost $266.8 million annually. Federal law allows states to transfer up to 30 percent of their TANF grant to the Social Security Block Grant (SSBG) and the Child Care Development Fund (CCDF), and up to 10 percent to the Job Access Transportation Grant. To date, Connecticut has only transferred funds to SSBG (in FFY 05, $26.7 million (10 percent was transferred).

State maintenance of effort requirement. Connecticut's MOE requirement has been $183.4 million since 1997, although Connecticut has exceeded its MOE requirement each year with spending ranging between $183.5 and $217.4 million. In FFY 05, Connecticut spent $217.4 million in MOE and $240.1 in TANF dollars for a combined total of $457.5 million.

TANF goals. As noted in the briefing report, states must use all federal TANF and state MOE funds to meet at least one of the four purposes articulated in the federal law or to continue providing services and benefits that they were authorized to provide under their former Title IV-A or Title IV-F state plans (which covered AFDC, Emergency Assistance, and JOBS). The four purposes of the TANF program are:

1. *to provide assistance to **needy** families* (assistance is defined in federal regulations as cash payments, vouchers, and other forms of benefits designed to meet a family's ongoing basic needs);

2. *to end dependence of **needy** parents by promoting job preparation, work and marriage;*

3. *to prevent and reduce out-of-wedlock pregnancies; and*

4. *to encourage the formation and maintenance of two-parent families.*

Spending to achieve purposes No. 1 and No. 2 must be targeted to **needy** families as defined in a state TANF plan, while spending for purpose No. 3 or No. 4 is not limited to needy families. Under the federal Personal Responsibility and Work Opportunity Reconciliation Act (PROWRA) of 1996, states could only use TANF funds, not MOE funds, for programs targeting non-needy families or individuals, but the Deficit Reduction Act of 2005 now allows MOE funds to be used for these purposes also.

There are federal rules prohibiting states from using state MOE dollars to fund programs previously funded with state dollars, but there are no such prohibitions on using TANF funds, including TANF funds transferred to SSBG.

Allocation of funds. Concern has been raised among some legislators and advocates representing poor families that over time, TANF and MOE dollars have been shifted away from core welfare programs (goals one and two of TANF) that provide assistance to the poorest and neediest of families. As caseloads fell and fewer families were receiving cash assistance (by 2000, caseloads were almost 50 percent less than what they had been in 1996), the state increased its TANF/MOE spending on child care and identified other programs statewide that could be funded with TANF dollars.

Jobs First expenditure trends. Before federal welfare reform in 1996, and when caseloads were much higher, Connecticut distributed almost $400 million *in cash assistance* to welfare clients solely through DSS. Now, 12 state agencies, departments, and offices use TANF and MOE dollars to fund more than 60 programs.

Table I-1 shows combined spending of TANF and MOE from FFY 97 through FFY 05. The table illustrates the shift in funds away from cash assistance and child care to pregnancy prevention programs, two-parent family formation programs, and administration. The second largest expenditure is in the "other category", the bulk of which is spent in three areas: SDE school readiness programs ($27.5 million), DCF investigations ($29.7 million), and DCF case management services ($35.7 million)

The committee found:

- *combined, TANF and MOE funds accounted for $457.5 million in FY 05;*
- *spending on cash assistance decreased from $330 million in 1996 to $122 in FY 06, a decrease of 63 percent;*
- *there have been no increases to the TFA benefit amount paid to families since 1991 and monthly payments were actually reduced in 1995;*
- *expenditures for job activities increased from $9 million in FY 96 to $22.6 million appropriated for FY 07, an increase of 151 percent;*
- *support for job services for TFA recipients has been funded almost exclusively with state MOE funds and almost no federal TANF funds are used for job support programs;*
- *although Care 4 Kids spending increased from $37 million in FY 96 to $73.2 million in FY 06, most of the funding did not come from TANF or MOE spending, but from other sources;*

- *spending for "other" programs, including Department of Children and Family programs and State Department of Education programs has risen dramatically from $0 in 1997 to $156.6 million in 2005; and*

- *expenditures for programs to address the TANF goals of preventing and reducing the incidence of out-of-wedlock pregnancies and encouraging the formation and maintenance of two-parent families has also increased at a dramatic rate -- from $1.6 million in 1998 to $74.1 million in 2005.*

Table I-1. Combined TANF and MOE Spending: FFY 97 – FFY 05 (in millions)

	1997	*1998*	*1999*	*2000*	*2001*	*2002*	*2003*	*2004*	*2005*
Transfer to SSBG	5.9	23.8	24.1	26.7	26.7	26.7	26.7	26.7	26.7
Cash Assistance	325.6	278.7	202.0	166.1	158.4	130.4	124.4	126.6	125.7
Child Care[1]	70.5	98.1	115.0	119.1	96.1	568	38.3	12.9	12.6
Assistance – Prior Law	-	-	-	-	6.4	3.6	1.6	2.2	2.2
Other Work Activities & Higher Ed. Scholarships	-	-	-	-	.4	.5	16.8	15.8	6.8
Good News Garage, DOL Serv; WTW	-	-	-	-	-	-	1.6	2.2	1.2
Employ. Svc./IPC	12.1	8.8	16.0	18.6	16.1	17.3	15.1	17.6	17.0
Safety Net	-	2.7			2.5	4.4	2.9	.8	1.5
Transportation	-	-	-	2.8	2.6	3.2	2.4	2.4	3.3
Diversion	-	-	-	.1	-	-	-	-	>
Rental Assistance	-	1.5	-	-	-	3.7	1.8	5.1	2.3
Energy	-	2.0	-	-	-	-	-	-	-
Medicaid for Non-Citizens	-	-	-	3.3	5.0	8.7	8.3	7.1	8.6
Teen Pregnancy	-	1.6	-	1.2	-	-	-	-	-
Prevention of Pregnancy	-	-	-	-	21.4	28.0	38.9	53.7	66.4
2-Parent Family Formation	-	-	-	-	-	16.6	18.1	16.5	7.7
Prior Law	-	-	-	12.4	13.0	14.3	15.9	13.9	15.5
Administration	37.3	36.6	37.0	36.8	37.0	28.0	21.5	25.9	28.6
Information Technology	2.5	5.4	1.0	2.1	1.7	1.2	.8	.9	.7
Other	0	0	55.0	72.3	65.4	130.4	126.4	131.3	156.6
Total	453.9	459.2	450.1	460.3	452.7	473.8	461.5	461.6	483.4

[1]Total state spending on Care 4 Kids has fallen from $121.6 million in FY 02 to $75.2 million appropriated for FY 07, but is substantially above the $12.6 million MOE funds expended. This figure reflects only TANF or MOE funds spent on child care programs.

Source: DSS TANF Expenditure Reports.

Section II

Description of TFA Study Sample Population

The previous section examined the characteristics of Jobs First clients overall and over time. The next three sections provide more detailed information about a sample of Jobs First clients used by the program review committee to assess the outcomes of the Jobs First Employment Services program and its success, a main focus of the study.

This section discusses how the sample and database were derived and presents descriptive information about the sample population. Specifically, demographic characteristics and history on cash assistance including extensions and sanctions is provided as well as a comparison of time-limited and exempt families. DSS and WIB regional differences are described as well as barriers to employment, and financial condition of the families in October 2003.

Key Findings

<u>Description of time on TFA (cash assistance)</u>

- More applicants are approved than denied for TFA (60 percent approved)
- Few Connecticut welfare recipients received welfare in another state
- Three-quarters of the sample had been on TFA prior to October 2003
  - one-third of the sample had a history of receiving cash assistance dating back to the 1990s
- Slightly more than half (51 percent) of time-limited families (as of October 2003) had at least one extension and one-third (35 percent) at least two extensions

<u>Sanctioning</u>

- For every three clients referred for sanctioning, just one was actually sanctioned
- During their entire time on TFA, 22 percent were sanctioned at least once
- Only 2 percent of the sample left TFA due to sanctioning

<u>Time-limited vs. exempt families</u>

- Most of the families entering TFA on October 2003 had a status of time-limited (71) percent)
- Time-limited and exempt status was fairly fluid, changing at least once for 39 percent of families

<u>Description of family needs</u>

- Approximately one-third of the study sample clients for which this information was known had three or more barriers to employment

- The most prevalent barriers to employment were: transportation; child care; low math and reading skills (literacy); limited work history; and lacking a high school diploma or GED

Financial condition

- Over half the families had no reported income for July-September 2003, the quarter prior to TFA opening
- While not required to be employed, approximately one-third of the exempt families had earnings in each of the quarters they were receiving TFA

Sample Compilation

To compile the sample, PRI staff asked DSS to identify *all* applicants deemed eligible for TFA in October 2003. These families were then followed through August 2006, the latest information available at the time the sample was selected. The month of October 2003 was selected because it was the most recent time that would allow for 21 months of cash assistance plus two six-month extensions.[3]

How the study sample was selected. In October 2003, DSS decided the eligibility of 2,148 applicants for cash assistance (TFA). DSS determined that 1,278 applicants (60 percent) were eligible for TFA. These applicants made up 1,171 families (also referred to as households or assistance units). While the eligibility was determined in October 2003, the application for TFA may have occurred in October 2003 or earlier. The study sample was compared with other DSS and DOL regional and demographic information and found to be representative of the overall Connecticut TFA population (see Appendix A).

How study sample database was developed. Both DSS and the Department of Labor accessed their relevant databases to provide comprehensive information on each of the families in the sample. PRI staff provided identifying information to DOL so that information about the sample clients' Jobs First Employment Services (JFES) program experience could be gathered from the Connecticut Works Business System (CTWBS).

The CTWBS was developed by DOL with its workforce partners, and is the automated computer business system that is the key coordinator for the delivery of services at the WIB One Stop Career Centers. All activity on JFES clients is entered into the CTWBS and is immediately available to staff working with JFES clients.

The labor department also gathered information from its Wage Records Database and the Unemployment Insurance Benefits Database. Wage and unemployment insurance information was provided for 41 quarters, from the first quarter of 1996 through the first quarter of 2006.

Finally, DSS accessed information from 54 different department databases to provide information on the sample in such areas as: demographic characteristics; TFA cash assistance, food stamps, and housing subsidies; assets and income (including child support); period of time on federal TANF and state TFA counters; status on TFA (time-limited/exempt, open/closed); sanctions; and extensions.

The Department of Social Services uses a mainframe computer system for its eligibility management system (EMS). The system is more than 20 years old and has many limitations; problems with the system and its impact on the study sample are explained throughout the section.

Ineligible TFA applicants. In October 2003, DSS determined the eligibility of 2,148 applicants; 1,278 were found eligible and 870 (40 percent) were deemed ineligible for TFA. *More applicants are approved than denied for TFA (60 percent approved).* The PRI study

[3] There are 35 months from October 2003 to August 2006, counting the first and last months.

focuses only on the applicants deemed eligible; however, Table II-1 provides information on the denied cases. *The most frequent reasons for denying TFA to applicants included failure to give necessary information to establish eligibility or having income in excess of the limit allowable under eligibility determination.* Four applicants in the "other" category were denied TFA because they failed to cooperate with child support requirements.

Table II-1. Reasons for Denying Applicants TFA		
Reason	***Number of Applicants***	***Percent of Applicants***
Failed to give info to establish eligibility	223	26%
Total income exceeds limit	145	17%
Voluntary withdrawal of application	96	11%
Earned income equals or exceeds Federal Poverty Level	57	6%
Application opened in error	57	7%
Received 21 months and no extension approved	61	7%
Other	231	26%
Source: PRI Analysis of Department of Social Services Data		

Breakouts of sample for analyses. Clients either participate in the JFES program (due to time-limited status) or are exempt from JFES participation (due to exempt status). Of the 1,171 families, 837 (71 percent) were "time-limited" in October 2003, while 29 percent of families entering TFA in October 2003 had exempt status. The 1,171 families in the sample included families who either:

- were new to TFA (475);
- had previously been a TFA time-limited recipient family (577); or
- were actually a continuation of an active case that had been granted an extension, closed and reopened due to missing paperwork, etc. (119).

The last group of 119 was excluded from many of the analyses as, while technically considered newly opened cases, for practical purposes they were not new (or returned to TFA after a closure of 30 or more days). In particular, this group was excluded from analyses regarding *current* JFES activity.

Some analyses also excluded some cases from the first two groups. Sample cases that remained open the entire period from October 2003 through August 2006, for example, are excluded from analyses regarding reasons for closure and study outcomes.

Finally, approximately 20 percent of the time-limited families were not enrolled in JFES and are excluded from analyses of the time-limited clients who were active in the JFES program.

Ultimately, key analyses were done for the 747 new or returning families who were not exempt and had participated in JFES. (329 new active and 418 returning active).

Description of Approved TFA Applicants in Sample

Characteristics of sample TFA clients. In October 2003, DSS determined that 1,278 applicants (60 percent) were eligible for TFA. Table II-2 shows the characteristics of these eligible applicants. *The clients are not especially young: two-thirds of the recipients are between 22 and 39 years old, and the largest racial/ethnic group is Hispanic, followed by Caucasians. Nearly nine in ten are female, and over half (58 percent) have at least a high school diploma or GED.*

Table II-2. Characteristics of TFA Clients Approved in October 2003

Characteristic	***Number of Approved Applicants***	***Percent of Approved Applicants***
Age		
16-18	75	6%
19-21	195	15%
22-29	492	38%
30-39	339	27%
40-49	158	12%
50-59	16	1%
60+	3	<1%
Average: 29 years old		
Race/Ethnicity		
Hispanic	515	40%
Caucasian	405	32%
African-American	345	27%
Asian	11	1%
Native American	2	<1%
Gender		
Female	1,119	88%
Male	159	12%
Education		
1-8th grade	89	7%
9-11th grade	450	35%
HS Diploma/GED	604	47%
Some College/Degree	108	8%
Unknown	27	2%

[1]Based on the number of persons per square mile, "rural" was defined as less than 500 persons per square mile, "suburban" as 500-3000 persons per square mile, and "urban" as over 3,000 persons per square mile.
Note: Percents may not total to 100 percent due to rounding.
Source: Department of Social Services EMS

Characteristics of sample TFA households. As noted, the 1,278 clients were part of 1,171 families. *Most of the 1,171 families (937) were single parent assistance units (80 percent), 121 were pregnant women (10 percent) and 113 were two-parent families (10 percent).*

Table II-3 shows that less than 10 percent were married at the time, and two-thirds had never been married. The majority of households were located in urban areas. A comparison of families in urban, suburban and rural areas is found in Appendix B.

Table II-3. Characteristics of TFA Households Approved October 2003

Characteristic	*Number of Households*	*Percent of Households*
Marital Status		
Single, Never Married	795	68%
Married	103	9%
Separated (including Married living apart)	132	11%
Divorced	66	6%
Widowed	7	1%
Unknown	68	5%
Urban/Suburban/Rural[1]		
Urban	714	61%
Suburban	356	30%
Rural	55	5%
Unknown	46	4%

[1]Based on the number of persons per square mile, "rural" was defined as less than 500 persons per square mile, "suburban" as 500-3000 persons per square mile, and "urban" as over 3,000 persons per square mile.

Source: Department of Social Services EMS

As seen in Table II-4, *TFA households averaged two children and one adult* in the 1,171 assistance units in October 2003. Almost one quarter of the households (23 percent) also had an adult child (20 years of age or older) included in the number of adults in the household. Through August 2006, there was no evidence in the study sample of *a significant number of "cap babies" or instances where recipients conceive another child while on TFA.* There were 206 assistance units (18 percent) with a child under the age of one year old, an automatic reason for exemption from the JFES program.

Description of Time on Cash Assistance

History of cash assistance in another state. There is a federal maximum time limit of 60 months that any TANF recipient required to work may receive benefits. According to information DSS obtains from other states, *few of Connecticut's welfare recipients receive welfare in another state*. Of the 1,278 TFA clients who began receiving cash assistance in October 2003, there were 60 clients (5 percent) who had also received TANF in another state. Appendix C shows the other states in which clients had received TANF, from as little as one month to as many as 60 months.

Table II-4. Number of Household Members			
	Number	*Percent*	*Cumulative Percent*[1]
Number of Children in Household 19 years of age or younger			
0	105	9%	9%
1	484	41%	47%
2	313	27%	73%
3	179	15%	89%
4	71	6%	97%
5	19	2%	100%
Average=2 children			
Number of Adults in Household			
1	705	60%	60%
2	354	30%	90%
3	97	8%	98%
4	15	1%	99%
Average=1 adult			
Size of Total Household			
1	98	8%	8%
2	385	33%	41%
3	290	25%	66%
4	197	17%	83%
5	119	10%	93%
6	82	7%	100%
Average=3 household members			

[1]Percents may not total to 100 percent due to rounding.
Source: Department of Social Services

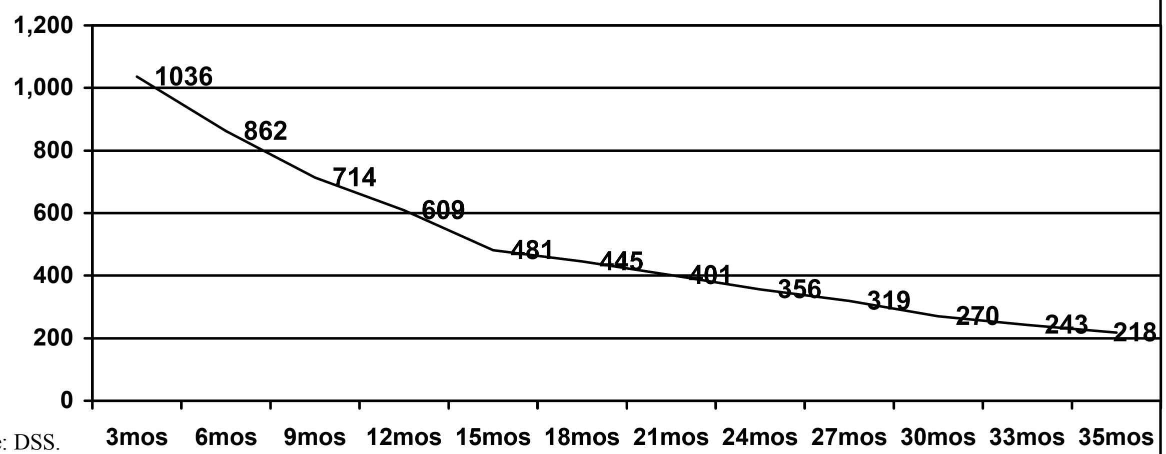
Time on TFA. As the briefing report noted, because the Jobs First program is a time-limited program, there are official time counting mechanisms in place, including what are called the JFES counter and the state TFA counter. The JFES counter is overwritten each month to reflect the most recent number of months on TFA. It correlates highly with the state TFA counter, which is not over written each month, so PRI staff used the TFA counter for historical data.

More than three-quarters of the sample (77 percent) had been on TFA September 2003 or earlier with a status of time-limited. One-third of the sample had a history of receiving cash assistance dating back to the 1990s--169 received TFA as early as 1996 (It is unknown how many clients received cash assistance as exempt clients because counters only change for time-limited recipients). Appendix D provides additional information about time on TFA for the sample.

Extensions. *Slightly more than half (51 percent) of time-limited families (as of October 2003) had at least one extension and one-third (35 percent) at least two extensions. One-third of the exempt families, however, had at least one extension, indicating that they had spent more than 21 months as a time-limited client despite their exempt status.* Appendix E shows additional detail about the number of extensions for TFA recipients.

Of the 1,171 heads of household, 83 (7 percent) stayed on TFA from October 2003 through August 2006, the last month for which there is information. As shown in Figure II-1, approximately 12 percent (135 heads of household) had left TFA within three months, by December 2003, and *approximately 48 percent (562 heads of household) had left within one year. At 21 months, 401 heads of household (34 percent) remained on TFA.*

Figure II-1. Number of Households Still Remaining on TFA



Source: DSS.

Sanctions

The Department of Social Services maintains policies that levy financial penalties on noncompliant families and eventually remove them from the TFA caseload. As noted in Section I, sanctions or penalties are applied during the first 21 months of receipt of TFA for failure, without good cause, to cooperate with the requirements of Jobs First Employment Services, for voluntarily quitting a job without good cause and for being fired for willful misconduct. TFA benefits are reduced by 25 percent for three months for the first offense, by 35 percent for three months for the second sanction, and no benefits are issued for a three month period for the third sanction.

PRI staff analyzed information about the 754 clients in the study sample who were referred for sanctioning. Appendix F provides a flowchart of the sanctioning process, along with the actual numbers of referrals and outcomes from CTWBS for the 754 sanctioned sample clients. Of the 754 clients referred for sanctioning, only 236 (31 percent) were actually sanctioned, 35 percent were found by DSS to have good cause (and thus avoid a sanction), and the remaining 34 percent were withdrawn or had no further action associated with the sanctioning process. Based on this information, one would estimate that *for every three clients referred for sanctioning, just one will actually be sanctioned.*

Characteristics of sanctioned families. Table II-5 shows the factors associated with sanctioned families in the study sample. *Sanctioned families are more likely to be younger, have a higher JFES program intensity level, have a transportation barrier, participate in the Northwest Regional WIB, and be in the Western DSS Region.*

Table II-5. Factors Associated with Sanctioned Families

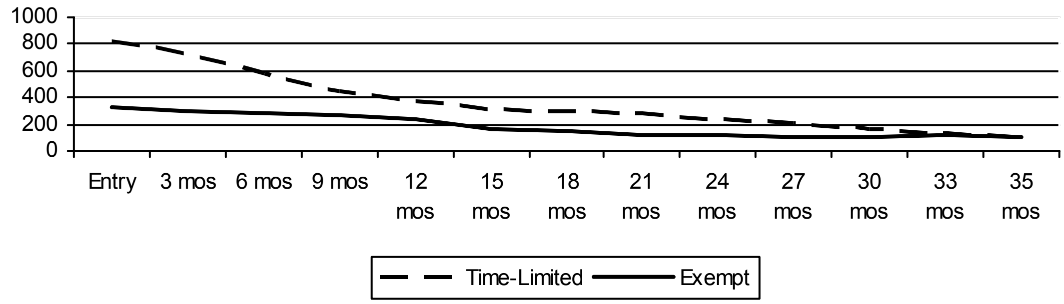
Factor	*Percent Sanctioned*
Head of Household Age	
16-24 years old	33%
25-30 years old	14%
31+ years old	17%
JFES Program Intensity	
No core or non-core activities	13%
1 type of activity	26%
2 types of activities	27%
3+ types of activities	36%
Transportation barrier to employment	31%
WIB Region	
Eastern	26%
North Central	20%
Northwest	35%
South Central	15%
Southwest	21%
DSS Region	
Northern	21%
Southern	18%
Western	28%
Source: EMS and CTWBS	

Exempt and Time-Limited Status of TFA Families

Time-limited families left at a greater rate than the exempt families (see Figure II-2)

Reasons for exemption from participating in JFES. The reasons for exempting 334 adults from participating in JFES are shown in Table II-6 (information was not available for 54 adults). The most frequent reason for exemption was caring for a child under one, followed by the DSS eligibility worker determining that the adult was incapacitated (usually temporarily). Characteristics that differentiate each of the four most frequent reasons for exemption from JFES are shown in Appendix G.

Figure II-2. Number of Time-Limited and Exempt TFA Recipients Remaining Over Time



Source: DSS.

Table II-6. Reasons for Exemption from Participating in JFES		
Reason	***Number*[1]**	***Percent***
Caring for a child under one year of age	142	51%
Eligibility worker determined adult is temporarily incapacitated	84	30%
Medical Review Team approved longer term medical incapacitation	22	8%
Pregnant/post-partum and ill	19	7%
Caring for incapacitated household member	9	3%
Adult is unemployable	1	<1%
Adult is under age 19 years old	1	<1%
Adult is age 60 and over	2	1%

[1]No information on reason for exemption for 54 adults. Percents based on 280 adults for which there is information.
Source: Department of Social Services

The largest proportion of exempt families currently receiving cash assistance are called "child-only" cases; these are situations where a non-parent relative—usually a grandparent—is raising a child. DSS' eligibility system does not have an easy way to identify these cases; it is not actually one of the reasons for exemption. Because so many of the exempt cases remaining on the caseload are child-only cases**, the committee recommends:**

> **DSS should find a simple way to identify child-only cases, such as adding this category to the reason for exemption menu in EMS.**

Change in status from October 2003 to the first time case closed. *Time-limited and exempt status is fairly fluid, changing at least once for 39 percent of families. While most of the 791 time-limited families (92 percent) remained mandatory JFES participants and thus time-limited, over half (55 percent) of the 297 exempt families were time-limited at the time their cases closed.*

Exempt clients who changed to time-limited. Table II-7 shows the reason for exemption and the percent that changed to time-limited status by closure, or if still open, by August 2006. As would be expected, *almost two-thirds of adults caring for a child under one (61* *percent) became mandatory JFES participants. A sizeable number of adults in the other groups also became mandatory JFES participants.*

Of the 129 families exempt due to caring for a child under one who closed, 70 (54 percent) subsequently became time-limited and active JFES participants. (Note that 8 parents had become time-limited but were considered inactive JFES clients, and 51 did not become time-limited).

Table II-7. Percent that Changed to Mandatory JFES Participant by Exemption Reason Given in October 2003			
Exemption Reason	***Exempt on October 2003***	***Changed to Mandatory JFES Participant by Closure***	***Percent Changed to Mandatory JFES Participant by Closure***
Caring for a child under one year of age	142	86	61%
Eligibility worker determined adult is temporarily incapacitated	84	32	38%
Medical Review Team approved longer term medical incapacitation	22	7	32%
Pregnant/post-partum and ill	19	8	42%
Caring for incapacitated household member	9	3	33%
Adult is unemployable	1	1	100%
Adult is under 19 years old	1	1	100%
Adult is age 60 and over	2	0	0%
Source: Department of Social Services			

In examining the 83 families who were TFA recipients the entire 35 months (October 2003 through August 2006), there were 37 families who were exempt in October 2003 and 46 families who were time-limited, mandatory JFES participants. The time-limited or exempt status changed at least once for 66 percent of these families, with some families having as many as four status changes. Half of the cases that opened time-limited (50 percent) were exempt 35 months later. Nearly half of the cases that opened exempt (46 percent) were time-limited 35 months later.

Regional Breakout of the Sample

DSS regions. Of the 1,278 TFA clients in the study sample, *the Northern DSS region had the most sample TFA recipients* (approximately 42 percent) and the Western and Southern regions each had 29 percent of the sample. A more detailed demographic breakdown of the sample clientele by DSS region is provided in Appendix H, and the towns and cities within each of the three DSS regions are found in Appendix I.

WIB regions. *There are differences in the number of TFA cases among the five regional workforce investment boards (WIBs),* with *the North Central WIB having the most sample JFES* *participants (36 percent), almost twice as many as the next largest region (19 percent in the South Central Region).* Appendix J shows the demographic differences that were found across the five WIB regions for the sample.

Description of Family Needs

Barriers to employment. Information was available from CTWBS for 1,222 of the 1,278 TFA recipients in the study sample (96 percent). Table II-8 shows the reported incidence of barriers to employment during the development of the JFES employment plan (at registration). It is important to note that the barriers are identified by JFES case managers when developing participants' employment plans and do not necessarily reflect the total number of actual current employment barriers (per Note in "At-A-Squint" Reports).

The most prevalent barriers to employment are: transportation; child care; low math and reading skills; limited work history; and lacking a high school diploma or GED.

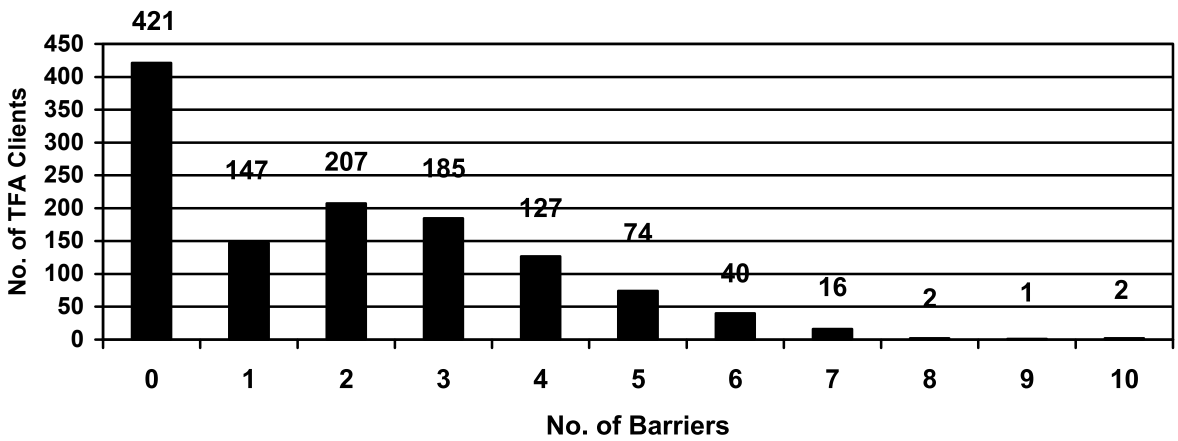
Table II-8. Barriers to Employment for the Study Sample

Barrier to Employment	*No. of Clients with Barrier*[1]	*% of Clients with Barrier*
Transportation	495	40%
Child Care	424	35%
Low Math and Reading Skills	318	26%
Limited Work History	300	24%
Lacking High School Diploma/GED	233	19%
Physical Health Issues	112	9%
Language	108	9%
Housing	104	8%
Personal/Family Issues	57	5%
Lack of Credentials/Licensing	55	4%
Behavioral Health Issues	43	4%
Legal Issues	40	3%
Domestic Violence	32	3%
Substance Abuse	21	2%
Learning Disability	20	2%
Criminal History	6	<1%
Other	23	2%

[1]Information available on 1,222 clients in the study sample.
Source: Department of Labor CTWBS

Approximately one-third of these 1,221 clients had three or more barriers to employment as reported by the JFES case managers (Figure II-3). More information about barriers to employment is contained in Appendix K.

Figure II-3. Number of Barriers to Employment for Study Sample



Financial Condition of Families in Study Sample at Case Opening

Assets and income. Table II-9 shows the assets and income for the families in the study sample in October 2003 based on data from DSS. *Almost no families owned a home and approximately one-third were receiving a housing subsidy or living in public housing.*

One in six had earned income in the month they began receiving TFA and one-third had earned income in the quarter in which they began receiving TFA. Nearly half (49 percent) had some form of unearned income (excluding TFA). Appendix L shows the change in assets and income from TFA opening to closing.

Income was also assessed using information obtained from the Department of Labor earned wage database. In the third quarter (July-September) of 2003, the quarter most closely reflecting the families' financial condition as of October 2003, wages were reported for 42 percent of the 1,171 households in the sample. There were also 170 families who had members receiving unemployment compensation in that quarter, slightly less than the 188 figure reported by DSS for October 2003.

Regardless of whether they were exempt from JFES or required to participate in employment services ("time-limited"), all TFA families received cash assistance. Adjustments to the payment standards were made depending on unearned income sources, such as housing subsidies and child support. Table II-10 shows the average cash payment in October 2003 by size of household. *The median TFA payment was $440 for a family of three*. Additional information about TFA recipients and food stamps, housing, child care, and health insurance assistance are found in Appendix M.

Table II-9. Assets for the 1,171 TFA Families in the Study in October 2003		
Asset	*No. of Families*	*% of Families*
Own a vehicle (car, truck or motorcycle)	353	30%
Own a home	10	1%
Income		
Gross Earned Income (avg=$647 per month) based on DSS EMS	203	17%
Quarterly Earned Income (avg=$1,812 per quarter) based on DOL earned wage database	436	37%
Receiving A Housing Subsidy/Living in Public Housing	350	30%
Receiving Any Unemployment Compensation	188	16%
Receiving Any Child Support	62	5%
Receiving Social Security	46	4%
Gross Unearned Income (avg=$687)	572	49%
Source: DSS		

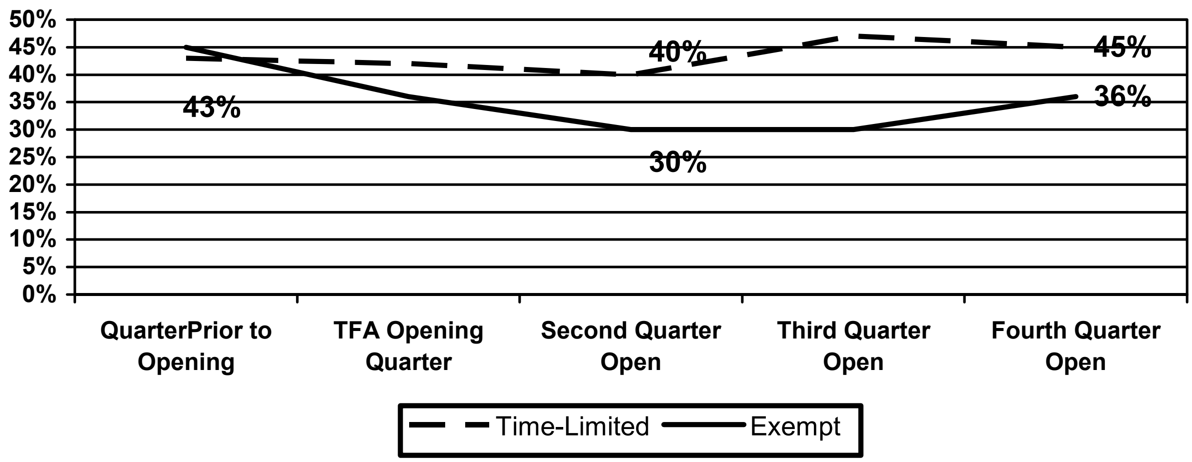
Table II-10. Average TFA Payment in October 2003 By Size of Assistance Unit	
Household Size	*Monthly TFA Payment*
1 (n=97)	$318
2 (n=383)	$387
3 (n=290)	$440
4 (n=195)	$509
5 (n=118)	$520
6 (n=82)	$603
Total (N=1,165)	$444
Source: DSS	

Earned income in the quarter prior to TFA. Table II-11 shows categories of quarterly household earned income as recorded on the DOL wage database for the third quarter of 2003. *Over half the families had no reported income for July-September 2003, the quarter prior to TFA opening*. (Note that the Federal Poverty Level for a family of three was $15,670 in 2003).

Table II-11. Third Quarter 2003 Earned Income for the 1,171 Study Households			
Quarterly Earned Income	*No. of Households*	*% of Households*	*Cumulative %*
$0 ($0 per month)	675	58%	58%
$1-300 (up to $100 per month)	59	5%	63%
$301-1,500 (up to $500 per month)	34	2%	66%
$1,501-3,000 (up to $1,000 per month)	267	23%	88%
Over $3,000 (over $1,000 per month)	136	12%	100%
Source: Department of Labor Earned Wage Database			

Earned wages for time limited and exempt clients during their time on TFA. Figure II-4 shows the percent of earned wages for time-limited and exempt clients while they were on TFA. *While not required to be employed, approximately one-third of the exempt families had earnings in each of the quarters open.*

Figure II-4. Earned Wages for Time-Limited and Exempt Clients



EMS. EMS generates an estimated 89,000 Income Eligibility Verification System (IEVS) alerts each month. These are computer matches with the Department of Labor wage database and unemployment files, the Internal Revenue Service 1099 (unearned income) files, and the Social Security Administration benefit and wage files. Alerts are regularly sent to DSS Eligibility Workers when there is a discrepancy between employment information on EMS and employment information on these other databases; however, because there are so many alerts, workers are unable to follow up in a timely manner. **The Legislative Program Review Committee recommends:**

> **EMS levels of alerts should be developed by DSS so that when quarterly wages are found to be above the Federal Poverty Level, they are tagged as a high priority alert, and the appropriate parties can then further research the family's earned wages.**

Beyond the alerts, there are other EMS limitations:

- it is difficult to incorporate any programmatic or policy change without a labor intensive effort;
- the system is reliant on lengthy narrative to understand the history of the case;
- the system is unable to fully monitor cases--for example, it cannot accurately state a client's number of sanctions or whether a client is time-limited but continues to receive cash assistance without JFES referral or registration; and
- the system is inefficient and has very limited reporting capabilities.

It took approximately four months from the program review committee staff date of request for DSS to complete the provision of requested data. While PRI is deeply grateful to the dedicated staff who spent many long hours providing this information critical to the study of Connecticut's welfare reform initiative, enhancements to the system are needed to save time and money, and promote the information support expected for a large public assistance agency. While complete replacement of EMS might be ideal, expense and level of disruption prohibit the committee from making such a recommendation. **Therefore, the committee recommends that:**

> **The Department of Social Services should begin exploring software options to enhance the current Eligibility Management System in a way that will support staff and management in their efforts to efficiently and effectively perform their responsibilities.**

Section III

Jobs First Employment Services: Study Sample Experience

As described in the study scope, advocates have expressed concern about the JFES program adequately preparing parents to successfully leave TFA. This section goes beyond the program description and focuses on the actual JFES program experience, based on the PRI study sample. Specifically, information about JFES orientation attendance rates and participation in each of the program's core and non-core activities is discussed. Also described is the relationship between the activities clients participate in and their barriers to employment, children's ages, and literacy level.

Key Findings

<u>JFES orientation</u>

- A total of 43 percent attended their JFES orientation the first time it was scheduled
- An additional 14 percent attended the second time it was scheduled
- Adding together third and fourth scheduled times, a total of 64 percent attended their JFES orientation

<u>Time-limited and non-JFES registered clients</u>

- There were 164 clients who were time-limited but did not participate in JFES (20 percent of the one-parent, time-limited clients in the sample)
- Their situations generally fell into three categories:
  - time-limited for 1-3 months, then closed (17 percent);
  - time-limited for 4+ months and then closed (42 percent); and
  - had both time-limited and exempt status (41 percent).

<u>Participation in JFES activities</u>

- While there are a host of possible activities, only four were used with any regularity:
  - job search/job readiness;
  - unsubsidized employment;
  - vocational education; and
  - education directly related to employment.
- Approximately half of sample JFES clients participated solely in unsubsidized employment or job search/job readiness training
- Very few sample JFES clients were receiving treatment for mental health, domestic violence, or substance abuse issues

- JFES clients in unsubsidized employment had the fewest barriers to employment, and those in education directly related to employment had the most, particularly lacking a high school diploma or GED
- Twelve percent of clients in unsubsidized employment were employed less than one month, 68 percent at least 13 weeks, and 46 percent at least 6 months

JFES Orientation

Under a program administration rule called Universal Engagement, TFA applicants expected to be time-limited clients must attend a JFES program orientation to begin receiving cash assistance. Figure III-1 shows the outcomes for 199 clients scheduled for JFES Orientation between October 1 and October 7, 2003. While Figure III-1 is not related directly to the study sample, this time period is similar to the sample time period, and prior to the Universal Engagement rule requiring attendance at a JFES Orientation to receive TFA.

A total of 43 percent attended their JFES Orientation the first time it was scheduled, and an additional 14 percent attended the second time it was scheduled. Adding together third and fourth times that it was scheduled, a total of 64 percent of the original 199 persons attended their JFES Orientation.

JFES Core and Non-Core Activities

As described in the briefing report, JFES clients may participate in nine core activities and three non-core activities[4]. In the study sample, there were 747 families new or returning to TFA who participated in JFES, most of whom (672) were categorized as "regular" or "pregnant" cases. *There were also 164 "regular" or "pregnant" clients who were time-limited but did not participate in JFES*[5]. Their situations generally fell into three categories:

- 28 were time-limited for 1-3 months, then closed (17 percent);
- 69 were time-limited for 4+ months and then closed (42 percent); and
- 67 had both time-limited and exempt status (41 percent).

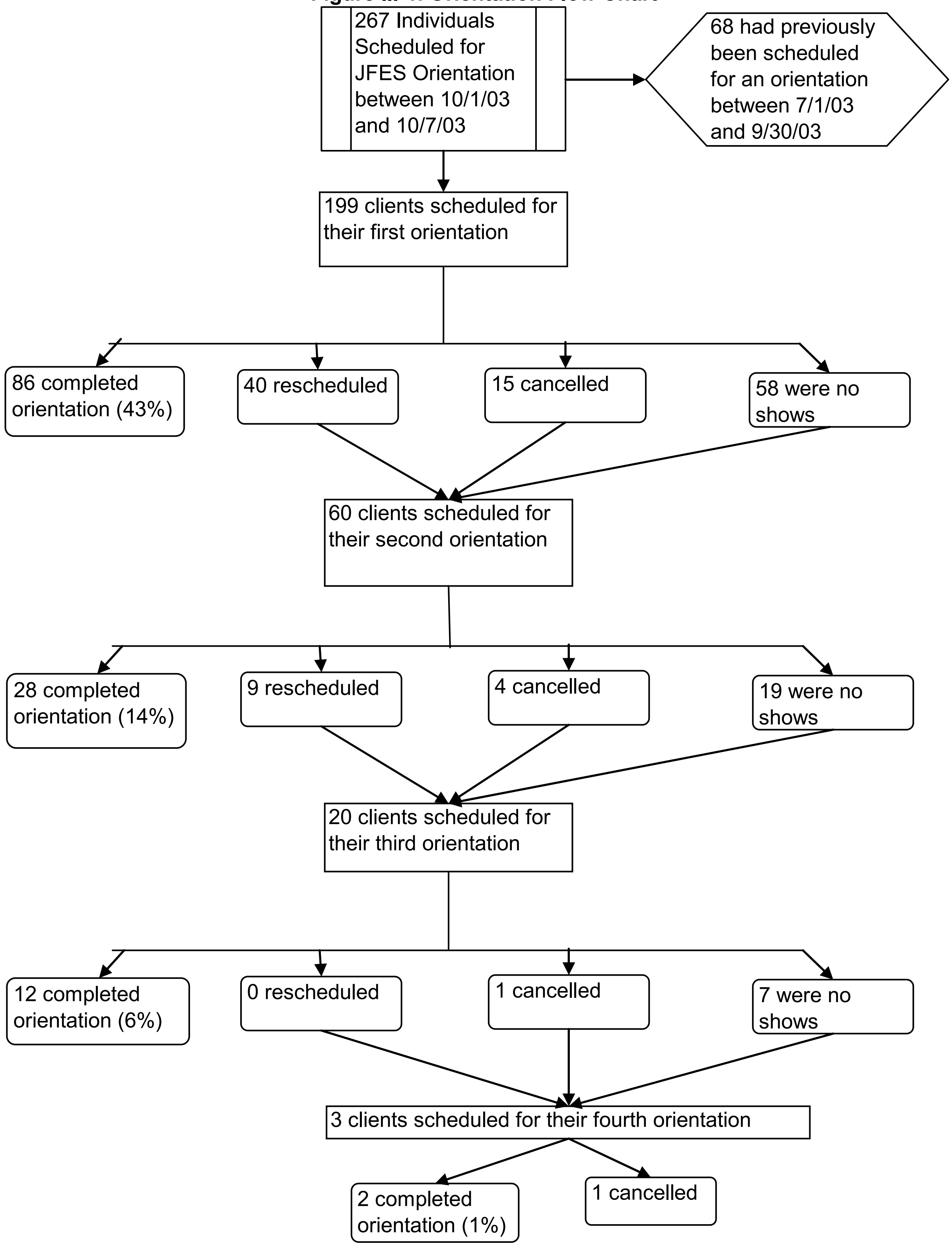
One in five of the one-parent, time-limited clients (20 percent) were not participating in JFES, including some who received TFA for two or more years. This percent was similar across all three regions. It is not clear what happened in these cases, but DSS and DOL reported that staff layoffs and early retirements made 2003 particularly challenging, which is the year from which the study sample came. While understanding administrative difficulties, losing track of families when they *change their status from exempt to time-limited is a critical problem.* In addition to possible improvements to EMS, **the program review committee recommends that:**

DSS should give added attention to monitoring families that change from exempt to time-limited status.

[4] Details about the core and non-core activities and how they count toward the state's work participation rate may be found in Section VIII.

[5] Two-parent cases are excluded from this analysis as each parent could have a different status, including a time-limited parent who is unable to participate in JFES due to being in this country illegally.

Figure III-1. Orientation Flow Chart



Source: CTWBS.

Study sample participation rates. Table III-1 shows the participation rates in JFES activities for: the 329 families new to time-limited status and participating in JFES; and the 418 families returning to time-limited status and participating in JFES. A similar pattern of activities was found for both the new and returning JFES clients, except that the new JFES clients were more likely to be in unsubsidized employment. (Appendix N shows the activities participated in by the 418 JFES clients previously in the program.)

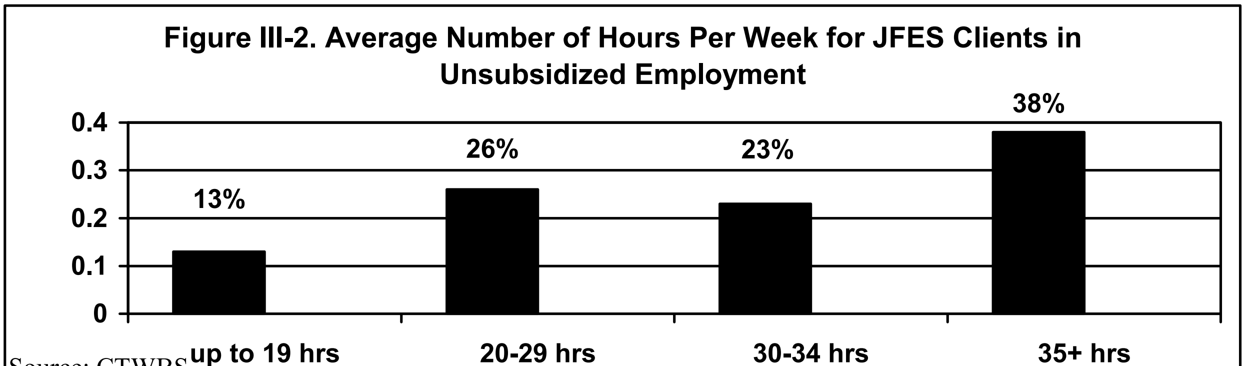
While there are a host of possible activities for JFES clients, only four are used with any regularity: 1) job search/job readiness; 2) unsubsidized employment; 3) vocational education; and 4) education directly related to employment. It should be noted that 4 percent of the new JFES clients in unsubsidized employment (six people) and 3 percent of the returning JFES clients in unsubsidized employment (nine people) were engaged in self-employment activities and so no earnings would be included in the DOL Earned Wage Database). *Approximately half of the active JFES clients were participating solely in unsubsidized employment or job search/job readiness and no other core or non-core JFES activities.*

Table III-1. Participation Rate in Core and Non-Core Activities for JFES Clients New and Returning to Time-Limited TFA

JFES Activity	*New JFES Clients*		*Returning JFES Clients*		*Total*	
	Number	Percent	Number	Percent	Number	Percent
Core Activity						
Unsubsidized Employment	168	51%	176	42%	344	46%
Subsidized Private Sector Employment	10	3%	10	2%	20	3%
Subsidized Public Sector Employment	1	<1%	3	1%	4	1%
[1]Work Experience	6	2%	1	<1%	7	1%
On-The-Job Training	2	1%	3	1%	5	1%
Job Search and Job Readiness Training	198	60%	240	57%	438	59%
Vocational Education Training	80	24%	92	22%	172	23%
Community Service	4	1%	2	1%	6	1%
Child Care for Others Doing Community Service	0	0%	1	<1%	1	<1%
Non-Core Work Activities						
Job Skills Training Directly Related to Employment	13	4%	10	2%	23	3%
Education Directly Related to Employment	48	15%	57	14%	105	14%
High School Completion/GED	5	2%	1	<1%	6	1%
Total	329		418		747	

[1]Consistent with the Deficit Reduction Act definition, beginning July 1, 2006, the activity previously defined as "work experience" will now be included under "subsidized employment."
Source: Department of Labor

Unsubsidized employment. Figure III-2 shows the average number of hours per week clients in unsubsidized employment spent working (the highest paying job was used for this analysis if clients had experienced more than one job during their time in JFES). Most worked at least 20 hours per week with over half working 30 or more hours per week. Note that the clients working 20-29 hours per week could have been caring for a child under six, and so these hours would be counted toward the work participation rate.

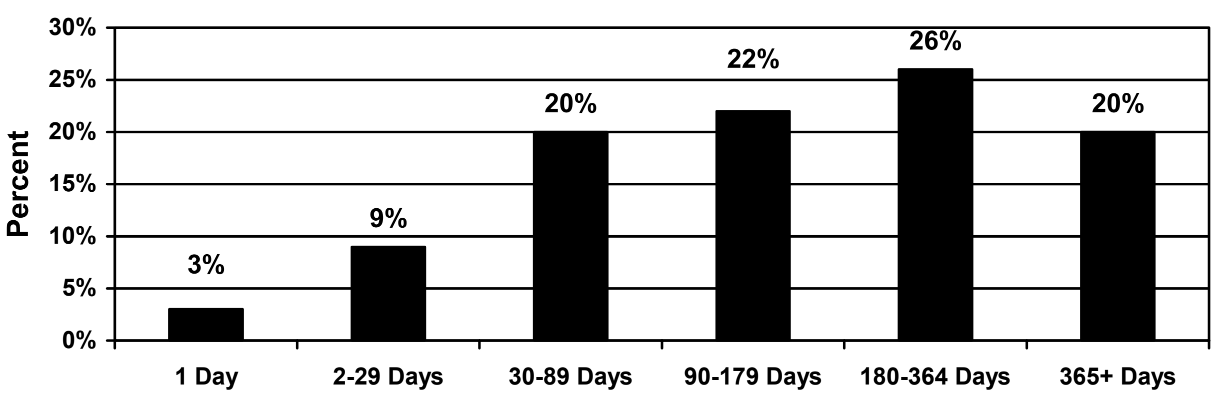


Source: CTWBS.

The number of unsubsidized employment experiences the 747 JFES clients had ranged from none to five. Of those who had at least one unsubsidized employment experience, 70 percent had one job and 24 percent had two jobs.

Figure III-3 shows the length of time employed in the longest job held for 212 of the 344 JFES clients in unsubsidized employment (62 percent). *Twelve percent were employed less than one month, 68 percent employed at least 13 weeks, and 46 percent employed at least 6 months*. CTWBS identified 24 clients who worked in seasonal jobs (7 percent of the 344 with unsubsidized employment), and 58 clients who worked in temporary jobs (17 percent of the 344 with unsubsidized employment).

Figure III-3. Length of Time Employed in Longest Job Held



Additional activities. Table III-2 shows additional activities that clients participated in beyond the core and non-core JFES activities. *The new clients participated in more of the additional activities (not core or non-core JFES activities) than did the returning clients,* *particularly in child care related activities. Very few JFES clients were receiving treatment for mental health, domestic violence, or substance abuse issues.*

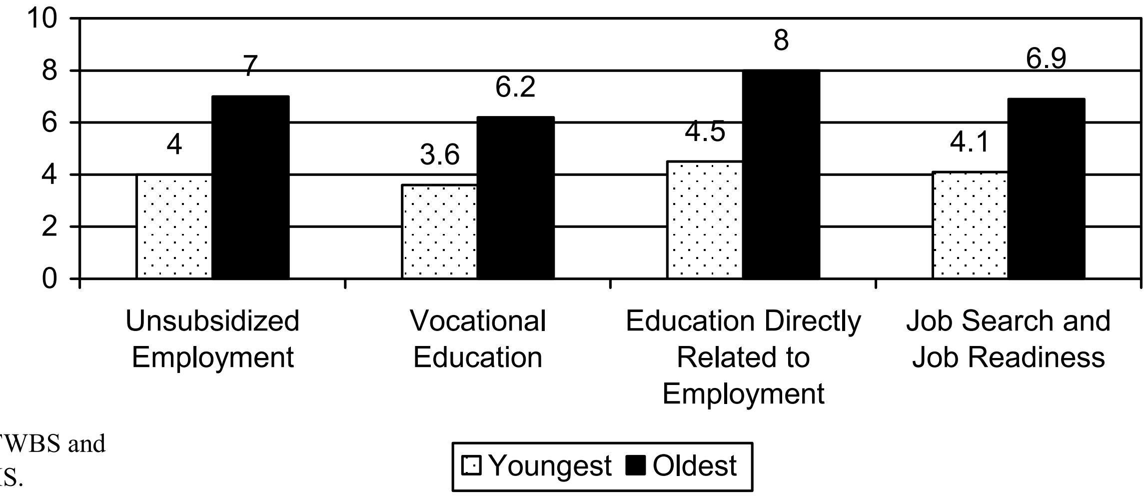
Table III-2. Participation Rate in Additional Activities for JFES Clients: New and Returning to Time-Limited TFA			
Additional Activity	***New JFES Clients (n=329)***	***Returning JFES Clients (n=418)***	***Total (747)***
	Percent of New JFES clients	**Percent of Returning JFES clients**	**Percent of New and Returning JFES clients**
Arrange for child care	130 (40%)	91 (22%)	221 (30%)
Arrange for Transportation	58 (18%)	46 (11%)	104 (14%)
Buy a Bus Pass	19 (6%)	18 (4%)	37 (5%)
Come to an Appointment with case manager	223 (68%)	226 (54%)	449 (60%)
Complete child care application	106 (32%)	76 (18%)	182 (24%)
Participate in treatment	11 (3%)	17 (4%)	28 (4%)
DCF related	1 (<1%)	3 (1%)	4 (1%)
Source: Department of Labor			

JFES activities and barriers to employment. Table III-3 shows the four most frequent JFES activities and the barriers to employment reported at JFES intake by clients in these activities. *Overall, those in unsubsidized employment appeared to have the fewest barriers to employment, and those in education directly related to employment appeared to have the most barriers to employment, particularly lacking a high school diploma or GED.* (JFES clients could be in more than one JFES activity during their time in JFES, and so be counted more than once.)

Table III-3. JFES Activities and Barriers to Employment						
JFES Activity	***Barriers to Employment Present***					
	Transportation	*Child Care*	*Low Math and Reading Skills*	*Limited Work History*	*Lacking HS Diploma or GED*	*Average Number of Barriers*
Unsubsidized Employment (n=344)	56%	53%	30%	26%	22%	2.4
Job Search and Job Readiness Training (n=438)	68%	58%	33%	32%	28%	2.8
Vocational Education Training (n=172)	62%	60%	38%	35%	26%	2.7
Education Directly Related to Employment (n=105)	68%	51%	33%	41%	65%	3.6
[1]Consistent with the Deficit Reduction Act definition, beginning July 1, 2006, the activity previously defined as "work experience" will now be included under "subsidized employment." Source: Department of Labor						

JFES activities and age of children. Figure III-4 shows the average age of the youngest and the oldest child in the family for clients participating in the four most frequent JFES activities. *Families with younger children appeared to be in vocational education and those with somewhat older children in education directly related to employment.*

Figure III-4. JFES Activities and the Age of Youngest and Oldest Children in the Family



Source: CTWBS and EMS.

JFES activities and literacy level. Many of the JFES clients are given the CASAS test of their reading and math literacy levels. Overall, the 526 clients who had a reading test score averaged 234, which equates to the reading literacy level 4 (High Intermediate, which is below secondary education). There were also 407 clients who had a math test score, which averaged 216, equivalent to a math level 3 (Low Intermediate). Appendix O shows the average reading and math scores for clients in the four most frequent JFES activities. *The clients participating in education directly related to employment appeared to have the lower literacy scores.*

Section IV

Performance Outcomes for Study Sample

One of the main study purposes was to evaluate the success of TFA and the JFES program in particular. How success is measured is a key issue. In this section, program review staff takes the goals established by the programs or administering agencies, and analyzes the outcomes of the study sample compared to those goals. The study sample outcomes were also compared to an estimate of the state self-sufficiency standard.

Specifically, the level of achievement of DOL JFES program goals and WIB benchmarks is described, related to family earnings and independence from TFA. Differences in outcomes for active JFES participants, time-limited inactive clients, and exempt clients are examined. Finally, factors associated with more favorable outcomes, improvement in financial condition, and return to TFA after closure are also identified in this section.

Key Findings

Earnings and independence from TFA

- Twenty-two percent met the first JFES program goal of independence from cash assistance by the end of the 21-month time limit through employment
- As many as two-thirds of TFA participants (with state TFA counters of 1-21 months) met the second JFES program goal of independence from cash assistance through remaining employed and independent of TFA
- Most of the WIB benchmarks were met or almost met with the exception of being able to attain at least a 10 percent wage increase within six months of exit for 40 percent of clients who left TFA employed
- Over one-quarter (27 percent) left TFA earning above the federal poverty level
- One in five families are estimated to have left TFA earning above the self-sufficiency standard
- Almost half of active JFES participants had no earnings in the quarter after they left TFA
    - There was a dramatic drop in financial condition for many of the families leaving TFA
    - Employment is not maintained even for one quarter in most instances where reason for closing is due to earning above the TFA limit; by the fourth quarter post closure, one-third of the families had returned to TFA
    - Approximately half of families who closed due to earnings above the FPL fall below the FPL in each post-closure quarter examined
- Over half of families who were exempt in October 2003 left TFA employed

- Approximately 40 percent of single parents exempt caring for a child under one had earned wages in each quarter, and almost one in ten was earning above the federal poverty level

Factors associated with more favorable outcomes

- Having more education (at least a high school diploma or GED) and literacy
- Having a work history and wages prior to TFA opening
- Having more than job search/job readiness training alone
- Participating in three or more types of core and non-core JFES activities
- Staying on cash assistance a shorter period of time

Returning to TFA

- Almost three-quarters (71 percent) were on TFA more than once
- Families that had been on TFA multiple times had significantly more barriers to employment

JFES Program Goal Outcomes: Earnings and Independence from TFA

As described earlier, time-limited clients are only allowed 21 months (plus extensions) of TFA assistance in Connecticut—and there is a 60-month lifetime limit for receiving services in all states combined. Each time-limited family has an automated state TFA counter that tracks the number of months of cash assistance that have been used up so that assistance does not exceed federal and state limits.

JFES Program Goal 1: Enabling TFA participants, through employment, to become independent from cash assistance by the end of the 21 month time limit.

Two hundred forty (240) families out of the 1,088 (22 percent) became independent from cash assistance by the end of the 21-month time limit through employment. There are several points about this finding:

- this program goal is not currently measured by DSS or DOL;
- there is no standard against which to assess this finding as the program goal does not state a specific percent that is expected to be achieved;
- this finding of 22 percent is higher than the 12 percent reported by the U.S. Department of Health and Human Services, for example, in FFY 04; and
- the current system is failing to capture all of the families with earnings above the federal poverty level at closure. PRI staff measurement of this program goal went beyond the reasons for closure generated by EMS and looked at earned income in the closing quarter as reported on the DOL earned wage database.

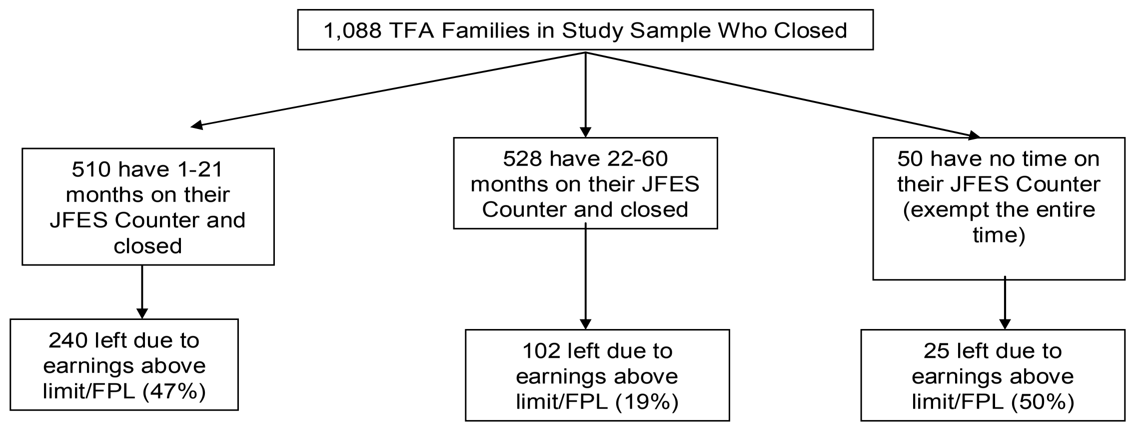
Figure IV-1 provides context for this outcome and shows the breakdown of families by their time on TFA, who left due to earnings above the TFA limit or FPL. Of the 1,088 sample families whose cases closed, 510 families had one to 21 months on their state TFA counter at the time of their first closing post-October 2003, and 528 families had 22 to 60 months on their counter. (The remainder of the 1,171 families included 50 who had zero on their state TFA counter and 83 who were open the entire time period under study).

Compared to those with a JFES counter of 21 months or less, *families with a JFES counter over 21 months were less likely to leave cash assistance employed and earning at or above the TFA limit or Federal Poverty Level.*

Figure IV-2 shows the outcomes for all families who had between one and 21 months on their JFES counter at time of first closure since October 2003. *Only 28 of the active clients with JFES counters between one and 21 months came to JFES already employed (8 percent); however, over half (54 percent) left cash assistance employed and earning above the TFA payment standard or FPL.*

In contrast to families who left within the 21 month time limit, Figure IV-3 shows the outcomes for families who had between *22 and 60 months on their JFES counter* at time of first

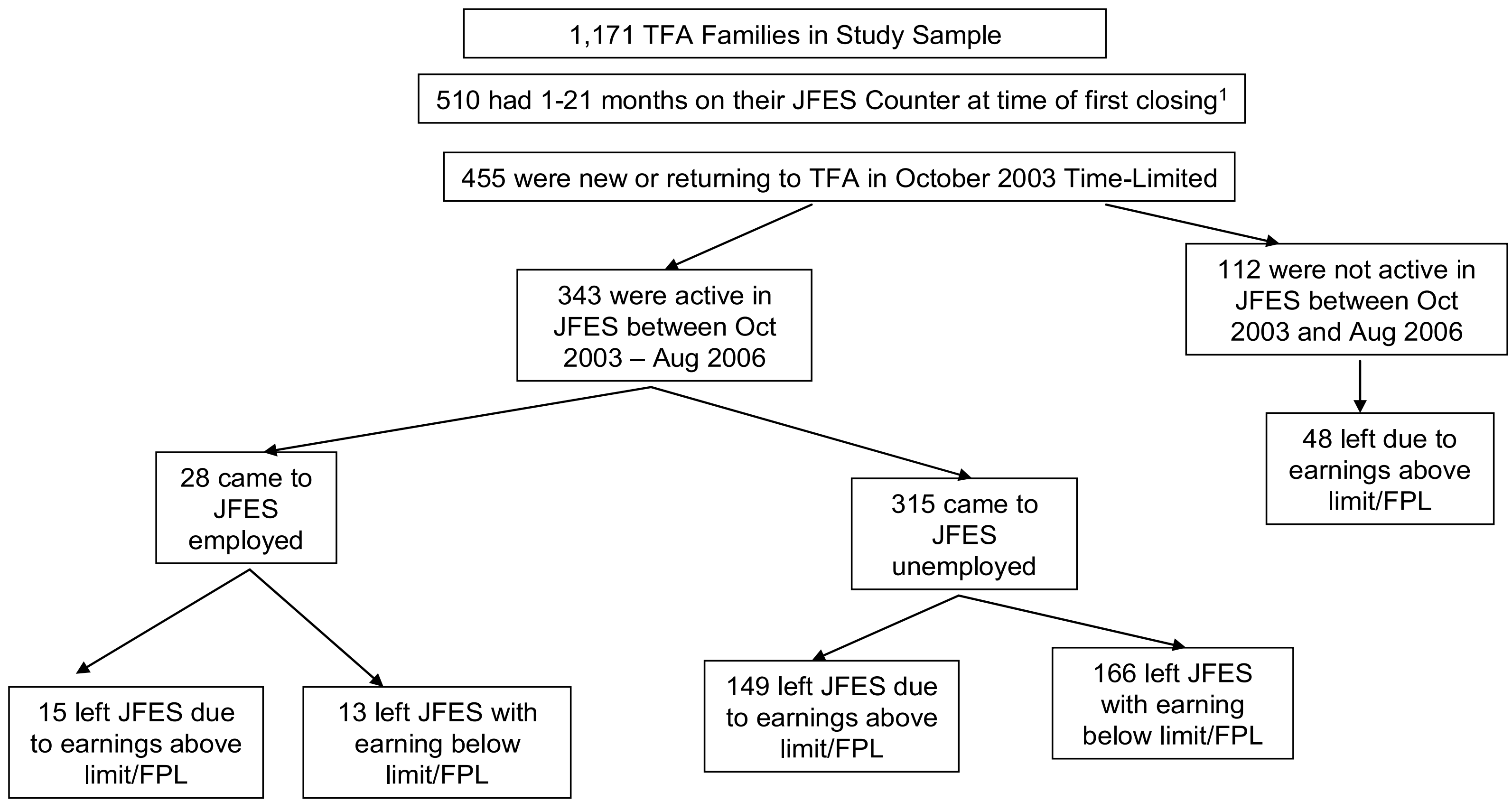
Figure IV-1. Families Who Left Due to Earnings Above TFA Limit or FPL



Note: Families with earnings above limit/FPL includes families with earnings above the FPL who had other reasons for closure listed on EMS.

Source: DSS EMS and DOL Earned Wage Database.

Figure IV-2. Families with 1-21 Months on JFES Counter at Time of First Closing

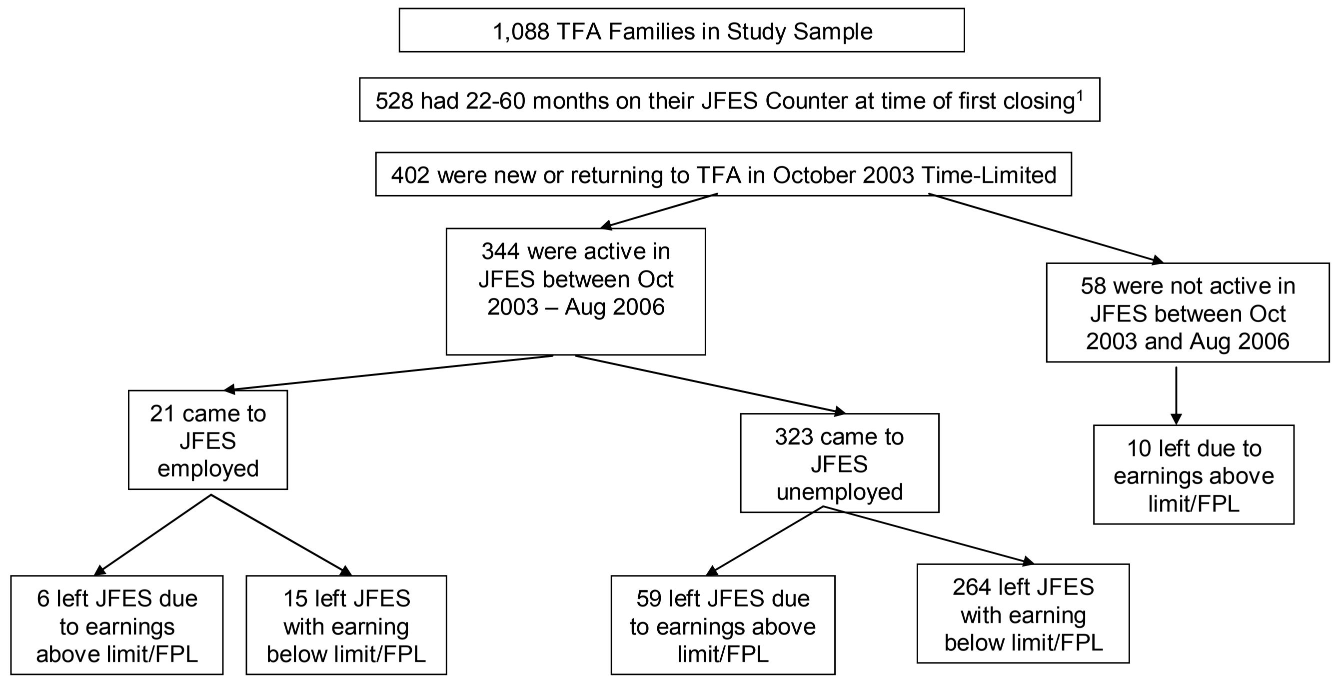


Note: Families with earnings above limit/FPL includes families with earnings above the FPL who had other reasons for closure listed on EMS.

[1]There were 55 additional families in the sample who closed with a JFES counter of 1-21 months. Of the 30 exempt in this group, 16 left due to earnings above limit/FPL. Of the 25 who were continually active (not new or returning to JFES), 12 left due to earnings above limit/FPL.

Source: DSS EMS and DOL Earned Wage Database

Figure IV-3. Families with 22-60 Months on JFES Counter at Time of First Closing



Note: Families with earnings above limit/FPL includes families with earnings above the FPL who had other reasons for closure listed on EMS.

[1]There were 126 additional families in the sample who closed with a JFES Counter of 22-60 months. Of the 37 exempt in this group, 11 left due to earnings above limit/FPL. Of the 89 who were continually active (not new or returning to JFES), 16 left due to earnings above limit/FPL.

Source: DSS EMS and DOL Earned Wage Database.

closure since October 2003. Similar to the finding for families with lower JFES counters, only 21 of the active clients with higher JFES counters came to JFES already employed (6 percent). They were somewhat more likely, however, to leave employed and earning above the TFA payment standard or FPL (28 percent) in comparison to the remainder who had come to JFES without employment (18 percent).

JFES Program Goal 2: Enabling TFA participants who become independent from cash assistance to remain employed and independent of TFA.

This program goal does not specify whether it focuses on participants who become independent of TFA at or before 21 months, or at any time. Therefore, PRI staff presents the program goal outcome using three different scenarios: families with state TFA counters of 1-21 months at closure; families with state TFA counters of 22-60 months at closure; and families with state TFA counters of 1-60 months at closure. It should be remembered that the sample timeframe and unavailability of wage information beyond March 2006 obviously limits how far out it can be determined that someone has remained employed and independent.

Families with state TFA counters of 1-21 months. As just discussed regarding the first JFES goal, 240 families left TFA employed and with a state TFA counter of 1-21 months. *As many as two-thirds of them remained employed and independent from cash assistance in the two quarters following case closure. One-third of the 240 families returned to TFA by August 2006* (see Figure IV-4).

Eighty-one percent (of the 234 families that had been closed at least one quarter) showed earnings in the first full quarter after TFA closure and 99 percent (of the 184 families that had been closed at least an additional, second quarter) in the second full quarter after TFA closure.

Families with state TFA counters of 22-60 months. There were 102 families who left TFA employed and with a state TFA counter of 22-60 months. *As many as four-fifths of them remained employed and independent from cash assistance in the two quarters following case closure. One-fifth (22 percent) of the 102 families returned to TFA by August 2006.*

Eighty-seven percent (of the 90 families that had been closed at least one quarter) showed earnings in the first full quarter after TFA closure and 92 percent (of the 75 families that had been closed at least an additional, second quarter) in the second full quarter after TFA closure.

Families with state TFA counters of 1-60 months. Combining the above two groups, there were 342 families who left TFA employed and with a state TFA counter of 1-60 months. *As many as 70 percent of them remained employed and independent from cash assistance in the two quarters following case closure. Nearly one-third (30 percent) of the 342 families returned to TFA by August 2006.*

Eighty-three percent (of the 324 families that had been closed at least one quarter) showed earnings in the first full quarter after TFA closure and 97 percent (of 259 families that had been closed at least an additional, second quarter) in the second full quarter after TFA closure.

The committee finds that this goal is neither measured nor well-defined. For example:

- *this program goal is not currently measured by DSS or DOL;*
- *the goal is unclear as to whether the goal only includes families who were on TFA for 21 months or less;*
- *the goal is unclear as to whether clients are expected to remain independent of TFA for a minimum period of time or permanently;*
- *the goal is unclear as to whether the clients are to remain employed for a minimum period of time or permanently; and*
- *there is no standard against which to assess this finding as the program goal does not state a specific percent that is expected to be achieved.*

WIB Performance Measures

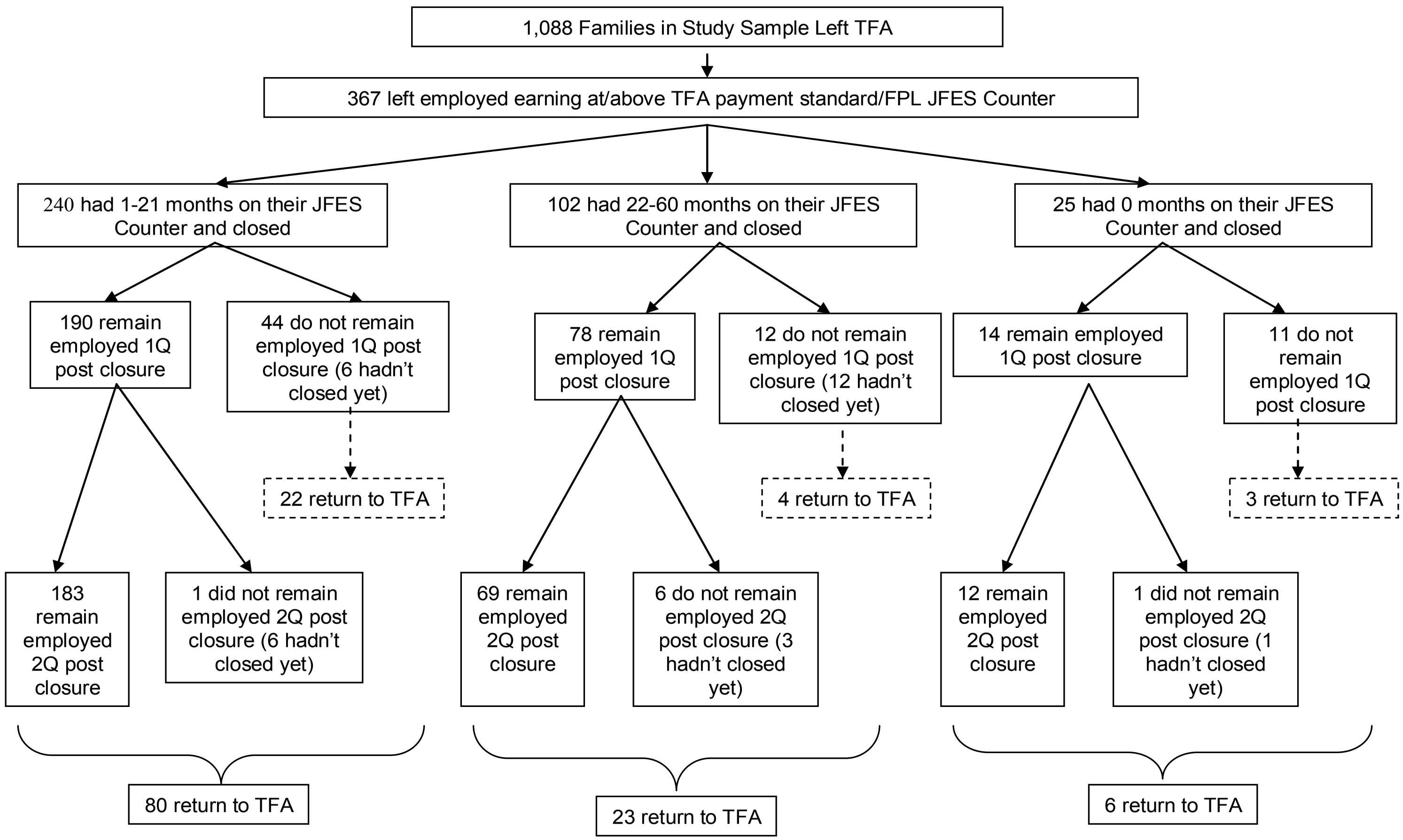
As described in the briefing, the federal Workforce Investment Act requires states to evaluate program success using certain core performance indicators. For FY 07, DOL's contract with each WIB contains performance measures for placing and retaining JFES clients in employment (referred to as "Entered Employment Benchmarks"). Table IV-1 sets out the benchmarks and shows the relative success of the program for the 747 active JFES clients in the study sample using these indicators.

In the study sample, *four of the six WIB benchmarks were met*. For several of the benchmarks, either the DOL CTWBS Database or the DOL Wage Database could be used to identify employed clients as well as income earned *The outcomes differed depending on which database was used.*

The second benchmark, for example, was calculated using information from the DOL CTWBS Database, which identified 339 clients in unsubsidized employment. The second benchmark was also calculated using information from the DOL Wage Database, and 502 clients were identified as having earned income; however, only 64 percent were identified as having gross earnings of at least $633 monthly. A smaller difference was found for the third benchmark, where the DOL Wage Database identified 29 percent of the 502 employed clients as earning above the FPL in contrast to the 30 percent found for the 339 clients on CTWBS. The differences in information between the two databases suggest either some employed clients in the JFES program did not report this information to their JFES case managers, or JFES case managers failed to enter the information into CTWBS.

The first benchmark percent was slightly lower in October 2003, requiring just 40 percent to enter unsubsidized employment, a goal that this sample would have met under the 2003 benchmarks. *The only area where there was a large gap between the WIB performance indicator and outcome was for the sixth benchmark: while the goal is that 40 percent of clients who left TFA employed attained at least a 10 percent wage increase within six months of exit, only 26 percent actually did.*

Figure IV-4. Families Who Left Due to Earnings Above TFA Limit or FPL



Note: Families with earnings above limit/FPL includes families with earnings above the FPL who had other reasons for closure listed on EMS.

Source: DSS EMS and DOL Earned Wage Database.

Table IV-1. Success of JFES Program for Study Sample Using WIB Indicators			
Benchmark	***Number***	***Percent***	***Was Benchmark Met?***
[d]1) 50% of JFES clients enter unsubsidized employment (n=698)	311	45%	**X**
[e]2) 50% of employed clients with gross earnings of at least $633 monthly/$7,596 annually (TFA payment standard + $90) (n=339)	288	85%	√
[e]3) 25% of employed clients with gross earnings at or above the Federal Poverty Level ($1,305 monthly/$15,600 annually in 2004) (n=339)	102	30%	√
[a]4) 60% of (newly) employed clients retain job at least 13 weeks (n=432)	285	66%	√
[b]5) 35% of (newly) employed retain jobs at least 6 months (n=432)	234	54%	√
[c]6) 40% of clients who left TFA employed attain at least a 10% wage increase within six months of exit (n=374)	97	26%	**X**

[d]Using the DOL CTWBS Database and highest weekly pay job for clients that were not employed at the time of JFES Registration (as identified on EMS)
[e]Using the DOL CTWBS Database and highest weekly pay job regardless of whether clients were employed at the time of JFES Registration
[a]Using the DOL Earned Wage Database, calculated as percent employed in two consecutive quarters
[b]Using the DOL Earned Wage Database, calculated as percent employed in three consecutive quarters
[c]Using the DOL Earned Wage Database, calculated as those who had a 10% increase between the first and second quarters following exit from TFA (Were considered employed if had income in closing quarter on DOL Earned Wage Database)
Source: Department of Labor Earned Wage Database and CTWBS

Additionally, the WIB contracts with DOL have a performance measure that requires at least 60 percent of JFES clients to be enrolled in TANF work activities that can be counted toward the federally required 50 percent work participation rate. In the study sample of 747 active JFES clients, there were 604 (81 percent) that showed participation in one or more of the nine core or three non-core activities. However, activities can only be counted toward the work participation rate if a minimum number of hours are spent alone or in combination with particular activities.

Hours in unsubsidized employment. Average weekly hours in unsubsidized employment is shown in Table IV-2 for the 343 families for which this information is known. Note that the highest paying job and information about that job was used in this analysis for the 105 clients who had experienced more than one job during their time on JFES. *The median number of hours in unsubsidized employment was 30-34 hours per week.*

Table IV-2. Average Weekly Hours in Unsubsidized Employment		
Average Weekly Hours	*Number of Clients*	*Percent of Clients*
Under 20 hours	44	13%
20-29 hours	91	26%
30-34 hours	78	23%
35+ hours	130	38%
Total	343	100%
Hourly pay averaged $8.66 per hour (median of $8.00), with a low of $3.00 and a high of $18.05. *Weekly pay averaged $260 per week (median of $240), with a low of $42 and a high of $640.*		
Source: CTWBS		

Reason for case closing. Each time a family's case is closed a DSS worker or EMS automatically indicates a single reason for closing the assistance unit/family case. In its sample, PRI staff found *92 families who were earning above the federal poverty level in their closing quarter and subsequent quarters but whose records indicated another reason besides earning above FPL for case closure.*

As can be seen in Table IV-3, t*he most frequent reason recorded for case closures for families earning above the FPL, besides that actual reason, was that the families did not show for required appointments or failed to complete required paperwork.* If the 92 additional families are added to the 205 formally identified as being closed for that reason, *the percent of families whose cases were closed because they were earning above the FPL jumps from 19 percent to 27 percent*. This study uses the expanded group of 297 families when examining families who closed earning above the FPL. **The program review committee recommends:**

> **To more accurately capture families whose cases close because they are earning above the federal poverty level, and therefore receive credit in the work participation rate calculations, DSS should check available wage databases such as the DOL Earned Wage Database and New Hire Wage Database, and update information accordingly.**

DSS has up to one year to correct information submitted to the federal government for use in determining work participation rates.

Table IV-4 shows the revised reasons for case closing, based on PRI staff analysis. Overall, the most frequently indicated reasons for closure were that the family had earned income above the federal poverty level or that the client did not attend a required appointment or submit required paperwork. Only two percent of families were sanctioned off of TFA.

Differences in reason for closure for time-limited and exempt families. Table IV-4 also shows the differences in reason for case closing for time-limited and exempt cases. JFES exempt cases were more likely to close because there was no longer a TFA-eligible child in the home, and time-limited cases were more likely to close because they had timed out or an extension was not approved. *It is noteworthy that one in five of the JFES exempt cases that closed was earning above the federal poverty level.*

Table IV-3. Official Reason Recorded for Case Closing for Families Earning Above the Federal Poverty Level at Closing	
Reason for Closing	***Number of Cases***
no show for required appointment or paperwork incomplete	53
timed out or extension not approved	20
no longer a TFA-eligible child in the family	4
family requested case closure	8
income above limit	3
sanctioned off TFA	1
other	3
employed and earning above the Federal Poverty Level	205
Total	297
Source: Department of Social Services EMS	

Table IV-4. Revised Reason for Case Closing According to Time-Limited/Exemption Status at Closing			
Reason for Closing	***JFES Exempt at Closing***	***Time-Limited at Closing***	***Total***
employed and earning above the Federal Poverty Level	40 (20%)	257 (29%)	297 (27%)
no show for required appointment or paperwork incomplete	35 (18%)	245 (28%)	280 (26%)
timed out or extension not approved	9 (4%)	168 (19%)	177 (16%)
no longer a TFA-eligible child in the family	43 (22%)	80 (9%)	123 (11%)
family requested case closure	21 (11%)	53 (6%)	74 (7%)
income above limit	30 (15%)	40 (4%)	70 (6%)
sanctioned off TFA	2 (1%)	24 (3%)	26 (2%)
Other	18 (9%)	23 (2%)	41 (4%)
Total	198 (100%)[1]	890 (100%)	1,088 (99[1]%)
[1]Percents may not total to 100% due to rounding. Source: Department of Social Services EMS			

Marriage and leaving TFA above the federal poverty level. Marital status was not one of the factors that influenced whether families left TFA at or above the federal poverty level. Table IV-5 shows percent leaving poverty by marital status. Note that a status of married includes two people living apart and legally separated.

Table IV-5. Percent Leaving Poverty by Marital Status			
Marital Status	***Above FPL at Closing***	***Percent Above FPL***	***Total***
Married, living with spouse	27	27%	100
Married, living apart	22	27%	81
Legally separated	12	30%	40
Divorced	19	31%	61
Never Married	189	26%	735
Total	269	26%	1,017
Source: DSS and DOL Earned Wage Database.			

Rather than marriage, Table IV-6 shows that *a stronger factor associated with families leaving TFA at or above the federal poverty level is the presence of two working parents*. Note that marriage alone does not assure that both parents are working.

Table IV-6. Percent Leaving Poverty by Presence of Two Working Parents			
Number of working parents present in household	***Above FPL at Closing***	***Percent Above FPL***	***Total***
One parent working			
Married	46	26%	176
Not married	183	25%	734
Two parents working			
Married	15	33%	45
Not Married	25	40%	62
Total	269	26%	1,017
Source: DSS and DOL Earned Wage Database.			

Financial condition in quarter following closure. Figure IV-5 summarizes outcomes for active JFES clients in the quarter after they left TFA in relationship to earnings at or above the federal poverty level. As can be seen, *almost half of active JFES participants who closed had no earnings in the quarter after they left TFA; however, one in five was earning above the federal poverty level.*

In addition to earned income, financial condition in the quarter following TFA closure was also assessed by examining:

- TFA benefit amount (if any—for re-opened cases);
- food stamp benefit amount (if any);
- social security amount (if any);
- child support amount (if any); and
- unemployment compensation (if any).

Figure IV-5. Outcomes for Clients Who Were JFES Participants

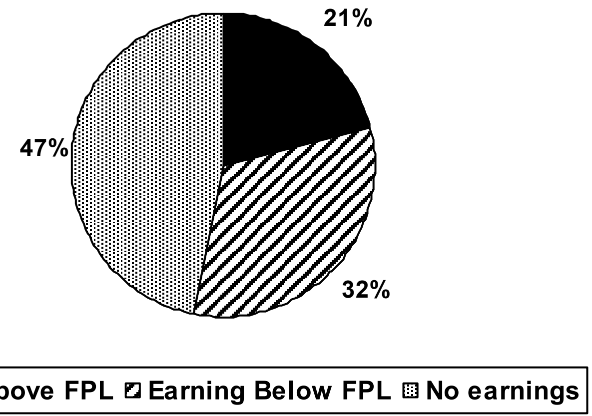


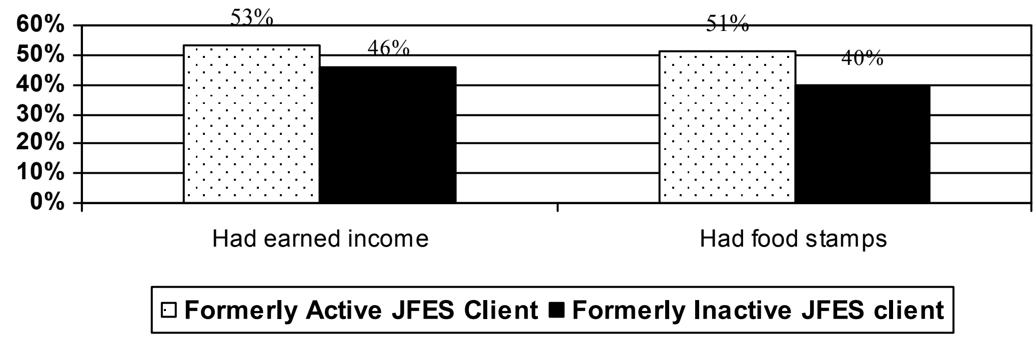
Table IV-7 shows the financial condition of the 974 closed families in the quarter following their closing. (Appendix P shows the financial condition of the 974 families at opening, in the quarter prior to closure, and at closure for the families that had at least one TFA closing post-October 2003.) The *median combined earned and unearned income was 38 percent higher for formerly active JFES clients in comparison to formerly inactive JFES clients* ($670 per month for formerly active JFES clients and $414 for formerly inactive JFES clients).

Table IV-7. Financial Condition of the 974 Closed Families in the Quarter Following Closure

Source	***Average Monthly Amount (N=974)***	***Time-Limited and Inactive in JFES (n=176)***	***Time-Limited and Active in JFES (n=692)***	***Exempt Families (n=106)***
Average Monthly Earned income wages	$1,173 (n=495)	$1,265 (n=81)	$1,147 (n=367)	$1,187 (n=47)
Average Monthly TFA benefit amount	$459 (n=72)	$415 (n=6)	$466 (n=62)	$416 (n=4)
Average Monthly Food stamp benefit amount	$296 (n=469)	$277 (n=71)	$306 (n=352)	$248 (n=46)
Average Monthly Social Security amount	$864 (n=37)	$1,078 (n=10)	$630 (n=13)	$930 (n=14)
Average Monthly Child support amount	$208 (n=18)	$148 (n=1)	$211 (n=16)	$215 (n=1)
Average Monthly Unemployment compensation amount	$642 (n=68)	$940 (n=11)	$548 (n=48)	$781 (n=9)
Average Monthly Quarterly Average	$854	$829	$861	$854
Average Monthly Median	$642	$414	$670	$611
Source: CTWBS and DOL Earned Wage Database				

Figure IV-6 shows the financial condition for time-limited families who were active and not active in JFES during their time on TFA. *Almost half of the active JFES clients (47 percent) had no earnings in the quarter after they left TFA*. However, *fewer of the formerly inactive JFES clients were working or receiving food stamps.* Appendix Q provides additional information about their different employment rates over time.

Figure IV-6. Financial Condition in Post Closure Quarter for Formerly Active and Inactive JFES Clients



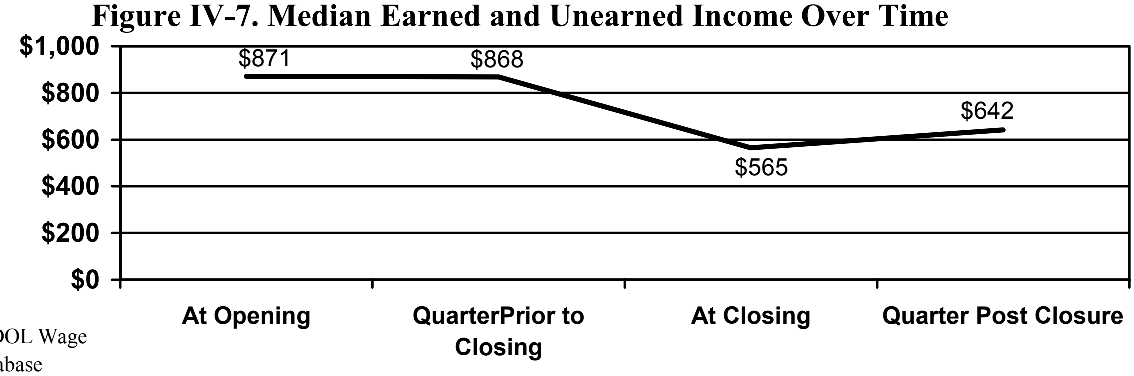
Source: DOL Wage Database, EMS, and CTWBS.

Formerly active JFES clients fare relatively better than inactive JFES clients in the quarter following TFA closure. Therefore, **the committee recommends the following:**

> **DSS should strengthen its case monitoring to reduce the number of time-limited families that are not enrolled in JFES but are still receiving cash assistance.**

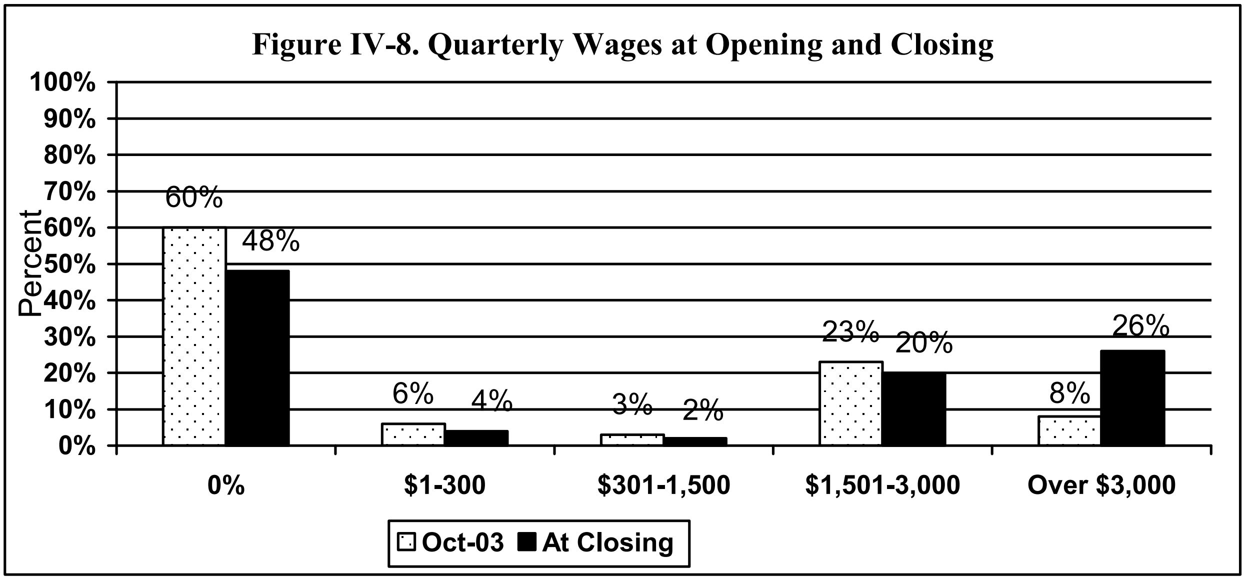
Regardless of active/inactive status in the JFES program, Figure IV-7 shows that *there is a dramatic drop in overall financial condition for many of the families leaving TFA.* The committee recommends in Section VII that cash assistance be decreased rather than abruptly stopped to smooth the transition off of TFA.

Figure IV-7. Median Earned and Unearned Income Over Time

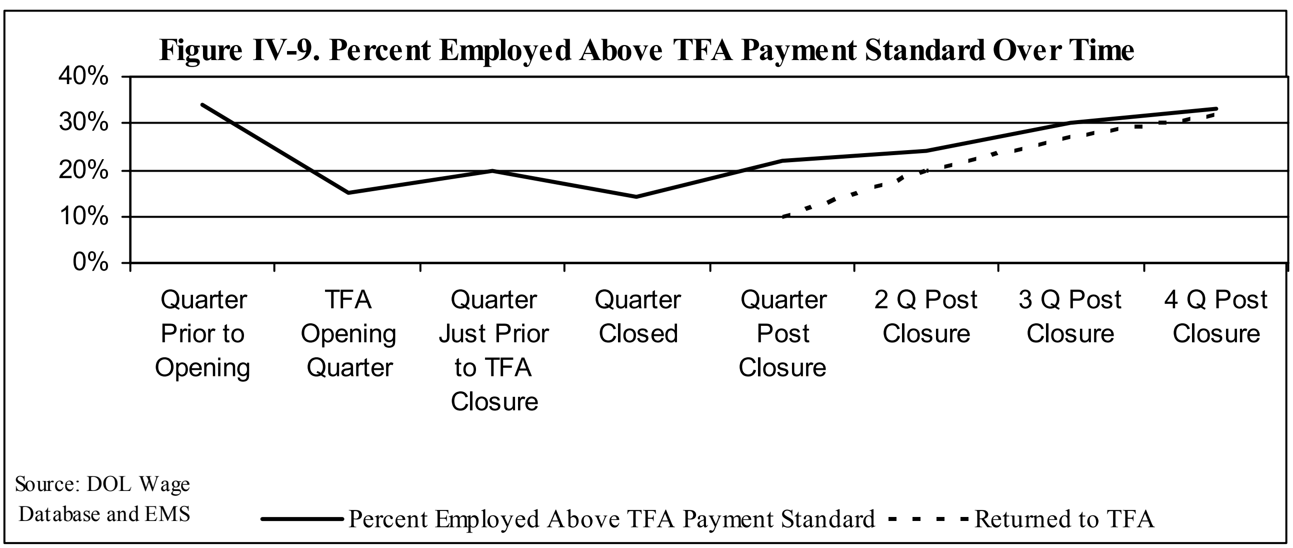


Source: DOL Wage Database

Figure IV-8 compares quarterly wages at opening and closing. There is more than triple the percent of families in the over $3,000 category. *Some TFA families make significant gains in their quarterly earnings from TFA opening to closing.*

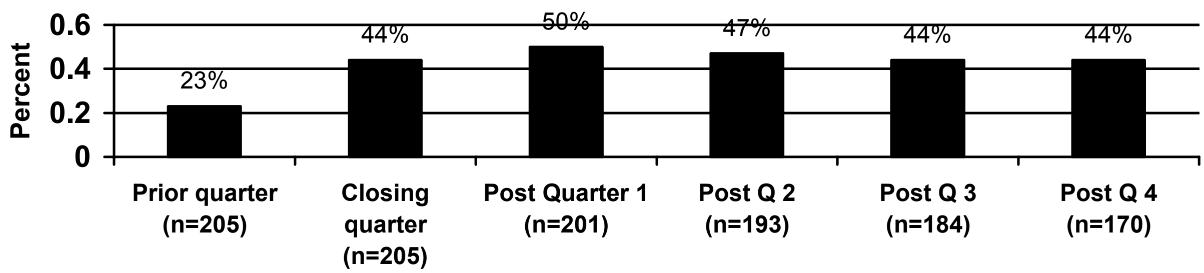


There were 73 families, regardless of whether they were JFES participants, whose cases closed because their earnings were above the TFA limit at redetermination. Figure IV-9 shows the wages earned in each of the quarters following closure. In no quarter are more than one-third of families who closed for this reason earning above the TFA payment standard, the reason given for case closure. This suggests that the *employment is not maintained even for one quarter in most instances where reason for closing is due to earning above the TFA limit. By the fourth quarter post closure, one-third of the families had returned to TFA.* Appendix R provides additional information for JFES active, inactive and exempt families.



Outcomes for families who left because they had income above the federal poverty level. There were 205 families who left TFA reportedly because they were earning at or above the federal poverty level. Information about their earnings in the quarter in which their case was closed, in the quarter before and in the quarter after, are shown in Figure IV-10. Appendix S provides additional information for JFES active, inactive and exempt families.

Figure IV-10. Percent of Families Above FPL for Families Closed Due to Earnings Above FPL



Approximately half of families who close due to earnings above the FPL fall below the FPL in each quarter; they appear unable to maintain earnings above the FPL in quarters following closure.

Of the 205 families that close due to income above the FPL, just 47 percent sustain that earnings level in the subsequent two quarters post closure. The families are not required to earn income above the FPL for a sustained period of time before they are terminated from TFA.

Earned Income above the Self-Sufficiency Standard for TFA Families at Closing

The state's self-sufficiency standard, described in Section VI, is another measure by which to assess the study sample outcomes. There were 219 families (20 percent of the 1,088 families) that experienced at least one TFA closing who left TFA earning at or above the self-sufficiency standard, estimated at approximately $42,600 annually ($3,550 monthly), the lowest estimate in 2005 for a family of three (one adult, one preschooler, one school-age child).

Those who closed with a time-limited status were no more likely to be earning above the self-sufficiency standard than exempt cases that closed. The more time on State TFA, however, was associated with less likelihood of leaving earning a wage above the self-sufficiency standard.

Outcomes for Exempt Families

As changes made by the Deficit Reduction Act will include certain exempt categories of clients in the state's work participation rate, Table IV-8 provides some information on level of success for the two largest groups of exempt recipients and all exempt recipients combined. The more successful families would leave TFA working and earning at least above the TFA payment

Table IV-8. Outcomes for Exempt Families						
Exempt Category	***Left TFA employed with earnings above FPL in the two quarters after closure***	***Left TFA employed with earnings above TFA payment in two quarters after closure***	***Left TFA employed with earnings in the two quarters***	***Left TFA employed with earnings in the one quarter after closure***	***Left TFA unemployed***	***Total***
Caring for child under one	19 (23%)	8 (9%)	9 (11%)	13 (15%)	35 (42%)	84 100%)
Eligibility worker determined incapacity including temporary illness	8 (13%)	6 (10%)	7 (12%)	7 (12%)	32 (53%)	60 (100%)
Total for all exempt families	34 (18%)	17 (9%)	17 (9%)	29 (15%)	91 (48%)	188 (99%)[1]
[1]Percents may not total to 100 percent due to rounding. Source: EMS and DOL Wage Database.						

standard. Additional information on the reasons for case closure for the two most frequent types of exemptions are found in Appendix T. The financial condition of these families is also described in Appendix U.

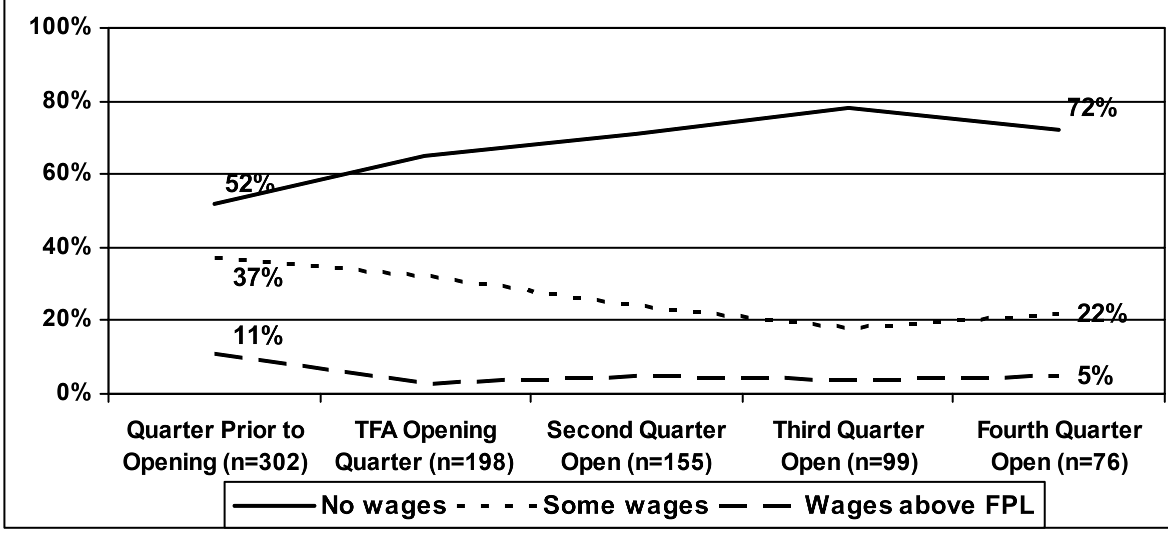
Despite being exempt in October 2003, over half left TFA employed.

Earnings and Independence from TFA for Exempt Families

Although not required to be employed, a number of exempt clients were working while receiving cash assistance.

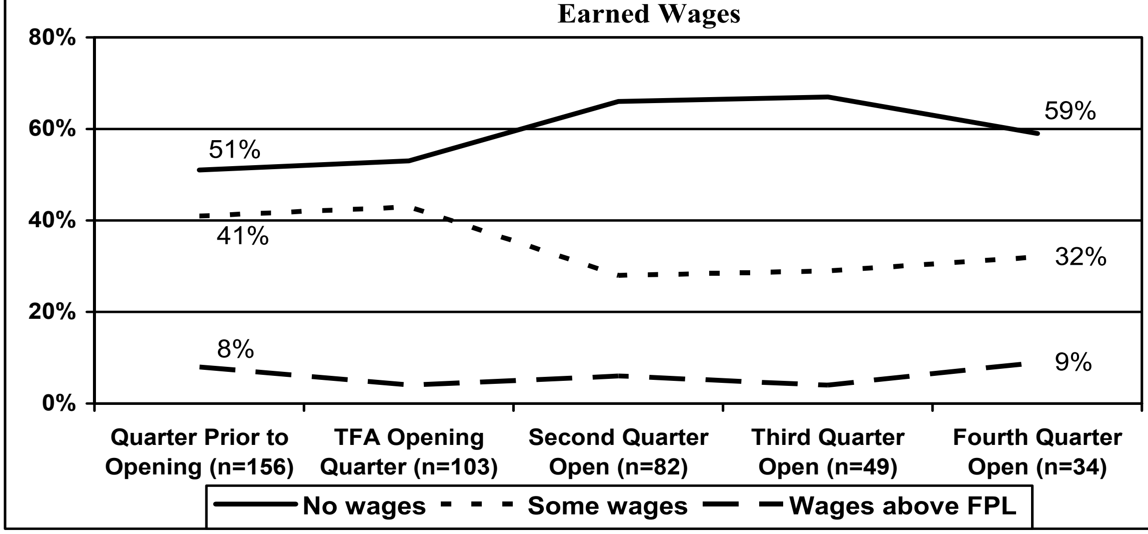
Earned wages for exempt families overall. Figure IV-11 shows the earned wages for all exempt clients while they were on TFA. Only single parent families that were exempt all three months of the quarter were included. *While approximately half have no earned wages prior to TFA, the percent in each open quarter with no earnings continues to increase while the small percent with earnings above the federal poverty level declines.*

Figure IV-11. Percent of Exempt Clients with Earned Wages



Earned wages for open cases of exempt clients caring for children under one. The exempt clients caring for a child under one were relatively more likely to be working than the full group of exempt clients. Figure IV-12 shows the earned wages for exempt clients while they were on TFA. Only single parent families that were exempt all three months of the quarter were included. *Approximately 40 percent of single parents exempt because of caring for a child under one had earned wages in each quarter, and almost one in ten was earning above the federal poverty level*. A number of clients exempt due to caring for a child under one were working—some quite successfully—and a shorter, six-month exemption is recommended in Section VII.

Figure IV-12. Percent of Caring for Child Under One Exempt Clients with Earned Wages



Factors Associated With More Favorable Outcomes

Barriers to employment. Table IV-9 shows the four most frequent barriers to employment reported at JFES intake. *Those with no earnings are more likely to lack a high school diploma or GED and have a limited work history*. Those with no earnings overall have a statistically significant increased number of barriers to employment than those earning above the FPL.

Additionally, of the 17 with a reported barrier of substance abuse, 13 (76 percent) had no earnings in the quarter following TFA closure.

Table IV-9. JFES Participant Outcome and Barriers to Employment

JFES Participant Outcome	***Barriers to Employment Present***					
	Transportation	***Child Care***	***Low Math and Reading Skills***	***Limited Work History***	***Lacking HS Diploma or GED***	***Average Number of Barriers***
Earning Above FPL in Quarter Post Closure (n=145)	50%	43%	27%	24%	15%	2.1
Earning Below FPL in Quarter Post Closure (n=222)	51%	43%	31%	20%	22%	2.3
No Earnings in Quarter Post Closure (n=325)	54%	50%	32%	37%	28%	2.7
Source: Department of Labor						

Because clients with more barriers to employment are associated with poorer outcomes, **program review committee recommends the following:**

> **C.G.S. Sec. 17b-112e shall be amended to increase the use of the Employment Success Program, Prevention Services, and the Safety Net Program to address barriers to employment as early as possible. Requirements regarding the number of sanctions and time-limitations for delivery of the three programs should be relaxed, and clients who have made a good faith effort to seek and maintain employment or who are at risk of unsuccessfully completing the Jobs First Employment Services Program should be served in addition to the current clients served who have *not* made a good faith effort.**

Identifying the problems earlier will give case managers and support programs additional time to help clients obtain needed services for a better outcome.

Literacy level. Table IV-10 shows that *the clients earning above the FPL in the quarter after leaving TFA have the highest literacy scores, and those with no earnings in the quarter following TFA closure have the lowest literacy scores.*

Table IV-10. Proficiency Level for Clients by their JFES Participant Outcome				
JFES Participant Outcome	***Average Reading Score***	***Average Reading Level***	***Average Math Score***	***Average Math Level***
Earning Above FPL in Quarter Post Closure (n=145)	238	4.8	220	3.4
Earning Below FPL in Quarter Post Closure (n=222)	234	4.5	215	2.9
No Earnings in Quarter Post Closure (n=325)	232	4.4	216	3.0
Source: CTWBS.				

JFES activities participation. There were 692 families identified as time-limited who participated for a portion of time in the JFES program. Table IV-11 shows the various JFES core and non-core activities in which the active JFES clients participated between October 2003 and August 2006.

While there are a host of possible activities, only four are used with any regularity: 1) job search/job readiness; 2) unsubsidized employment; 3) vocational education; and 4) education directly related to employment.

Results of the sample showed that those who did not participate in unsubsidized employment were significantly less likely to be employed in the quarter after leaving TFA. Further, clients with no earnings in the quarter after leaving TFA were just as likely to have participated in job search and job readiness training as those employed. Thus, job search and job readiness training alone is not enough to help these families.

Families were considered more successful if they left TFA employed and either earning above FPL or the TFA payment standard in two consecutive quarters after closing. The less successful were families that left TFA unemployed. Figure IV-13 shows the success level for clients participating in particular JFES activities. *With the exception of unsubsidized employment, participation in a single JFES activity alone is not linked to success of outcome*.

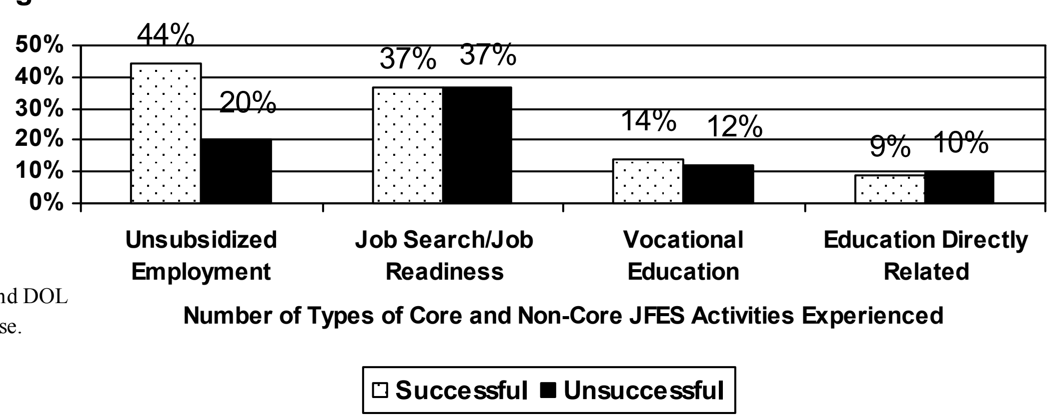
Intensity of JFES Program

JFES clients may participate in one or more of the core and non-core activities. Figure IV-14 shows the number of types of activities clients participated in and whether they had a successful or unsuccessful outcome. (Outcome information on the inactive JFES participants is found in Appendix V.)

Table IV-11. Family Earnings by Activity.

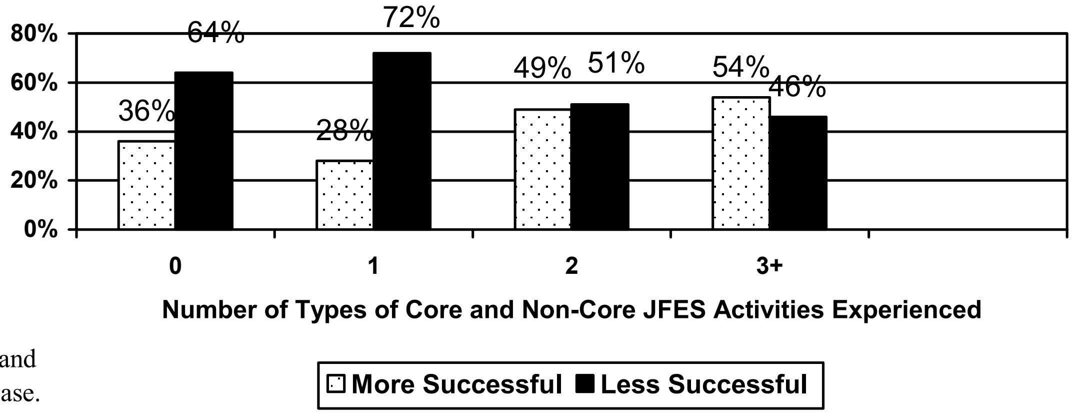
JFES Activity	*Earning Above FPL in Quarter Post Closure (n=145)*	*Earning Below FPL in Quarter Post Closure (n=222)*	*No Earnings in Quarter Post Closure (n=325)*	*No.*	*Percent*
Core Activity					
Unsubsidized Employment	58%	56%	37%	327	47%
Subsidized Private Sector Employ.	4%	3%	2%	20	3%
Subsidized Public Sector Employ.	0%	1%	1%	4	1%
[1]Work Experience	0%	1%	1%	5	1%
On-The-Job Training	2%	1%	0%	5	1%
Job Search and Job Readiness Train.	58%	57%	60%	404	58%
Vocational Education Training	24%	22%	21%	154	22%
Community Service	0%	1%	1%	5	1%
Child Care for Others Doing Community Service	0%	1%	0%	1	<1%
Non-Core Work Activities					
Job Skills Training Directly Related to Employment	0%	4%	3%	21	3%
Education Directly Related to Employment	12%	14%	15%	97	14%
High School Completion/GED	0%	1%	1%	4	1%
Source: CTWBS and DOL Earned Wage Database and EMS					

Figure IV-13. Particular JFES Activities and Success of Outcome



Source: CT WBS and DOL Wage Database.

Figure IV-14. Level of Success by JFES Program Intensity



Source: CTWBS and DOL Wage Database.

As in the previous analysis, families were considered more successful if they left TFA employed and were either earning above FPL or the TFA payment standard in two consecutive quarters after closing, and the less successful were families that left TFA unemployed. Note that the clients with none of the core and non-core activities had case manager related activities (71 percent), attended workshops (68 percent), arranged for child care (23 percent), completed a child care application (18 percent), arranged for transportation (16 percent), and participated in treatment (3 percent).

The success level is greatest for JFES clients who participated in three or more types of core and non-core activities. **Therefore, program review committee recommends the following:**

> **DOL should increase the intensity of the JFES program by increasing the number of different types of JFES activities that clients participate in as a way to increase JFES program success.**

Sanctioning is also associated with greater JFES program intensity, which in turn is associated with more favorable outcomes. Thus, sanctioning—at least a single sanction—may occur in families that ultimately leave TFA successfully.

Other Factors Associated With Success of Outcome

Beyond the JFES intensity level, Table IV-12 shows additional factors associated with more successful outcomes. *The more successful clients had more education, had wages prior to TFA opening, were more likely to leave TFA as a time-limited rather than an exempt family, and had been on TFA a shorter period of time.*

Table IV-12. Additional Factors Associated with Outcome Success		
Factor	***Success Level***	
	More (n=227)	***Less (n=462)***
Highest grade completed	12th grade	11th grade
Any wages in quarter prior to opening	64%	26%
Left TFA as a time-limited family	86%	74%
Average state TFA counter (proxy for JFES counter)	18 months	24 months
Source: EMS, CTWBS and DOL Wage Database		

Additional information about time on TFA. The number of months that a family remained on TFA until their first closing varied by the reason for closure. Figure IV-15 shows that *families sanctioned off TFA had the longest stay on TFA and clients leaving because they had income above the limit had the shortest stay.*

Figure IV-15. Number of Months on TFA by Closing Reason

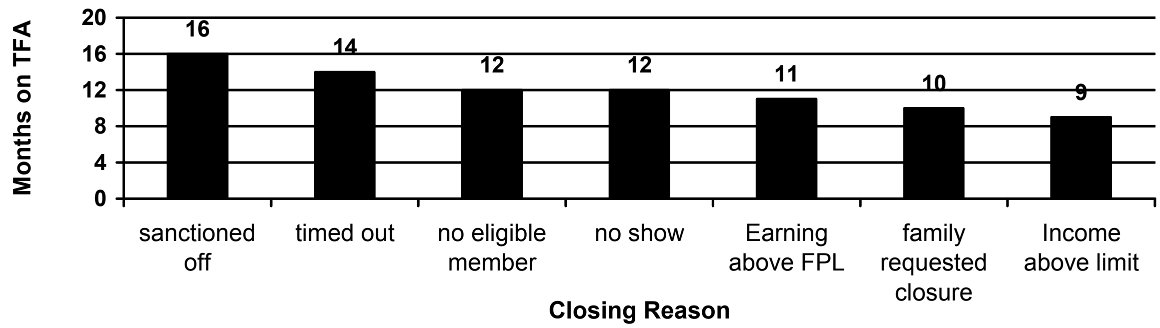


Figure IV-16 shows that the *JFES time-limited clients with closures spent more time on cash assistance than exempt clients with closures.* Overall, time-limited closed cases had received an average of 12 months of cash assistance since October 2003 in comparison to the average 11 months received by exempt closed cases. Statistically significant differences occurred for families who closed due to earning above FPL and for families who no longer had a member eligible for TFA.

Particular barriers to employment. The more successful were contrasted with the less successful TFA leavers with respect to particular barriers to employment. Figure IV-17 shows the greater presence of particular barriers for the less successful TFA leavers. Note that there was no difference on the presence of any other barriers including child care and transportation in the level of success for TFA leavers.

Because clients who lack a high school diploma or GED are more likely to leave TFA unsuccessfully, **program review committee recommends that:**

> **More emphasis should be placed on helping TFA recipients gain their GED or high school diploma, including consideration of requiring time-limited clients to enroll in an adult education program if they have been unable to secure employment after trying for one year.**

Figure IV-16. Months on TFA for Families Who Closed as Time-Limited or Exempt

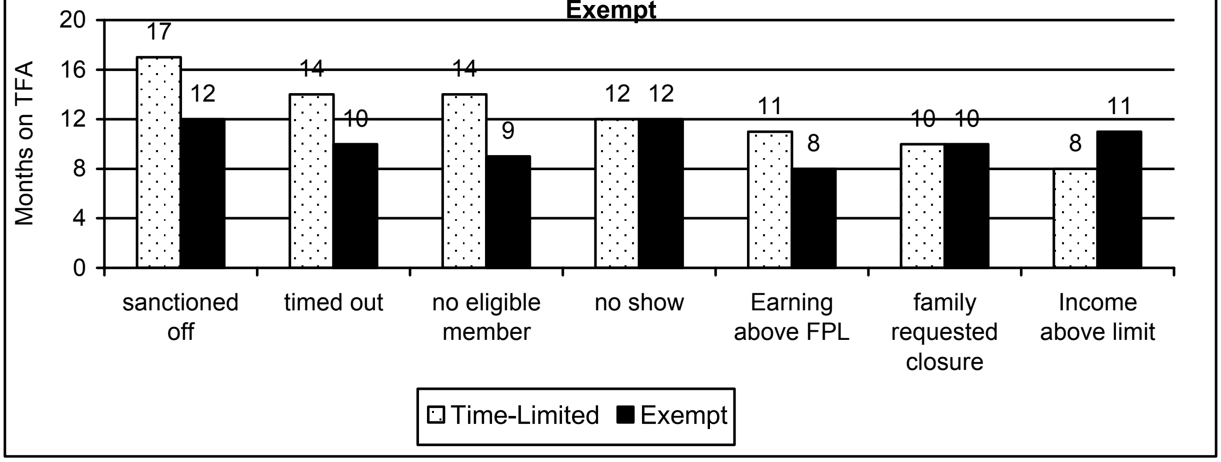
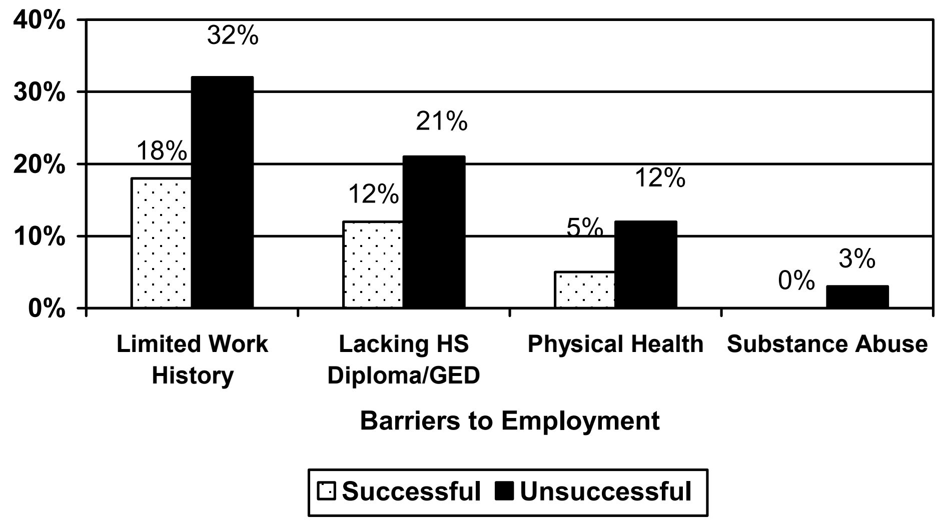


Figure IV-17. Particular Barriers to Employment and Success of Outcome



Source: CTWBS and DOL WageDatabase.

Because clients with a barrier of substance abuse have almost no chance of successfully leaving TFA, **the committee recommends that:**

More emphasis should be placed on identifying and treating substance abuse.

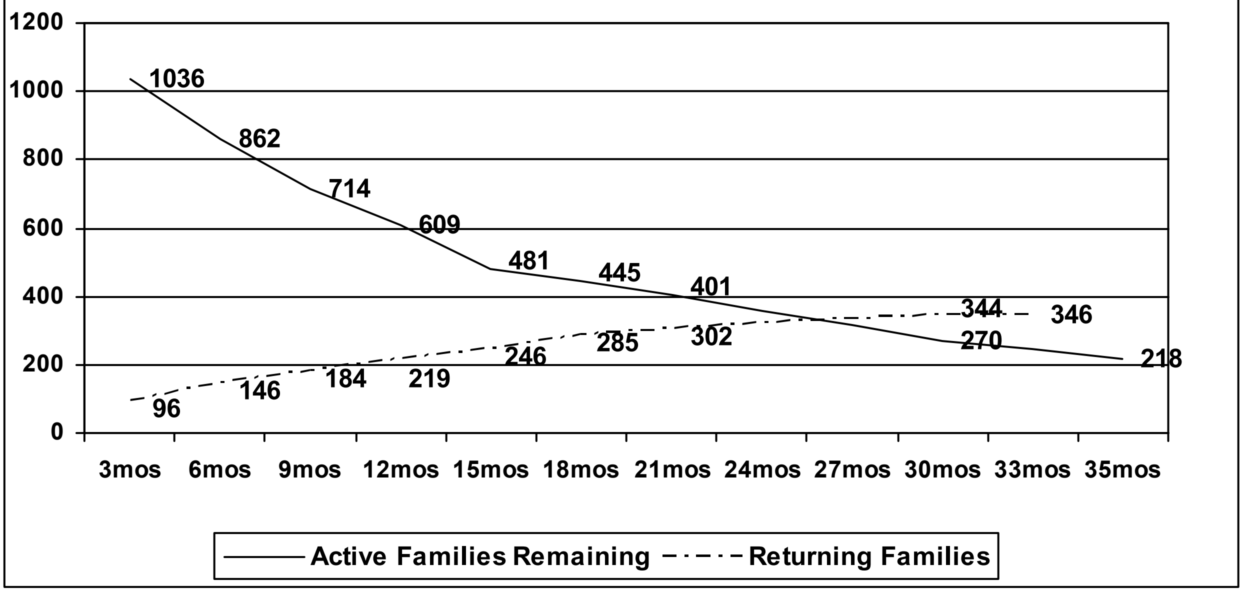
Returning to TFA

Cycling on and off of JFES. There were several indications of clients leaving TFA and then returning. A total of 302 out of 974 families who entered TFA in October 2003 and closed at least once returned to TFA. Of the remaining 672, there were 386 families that had previously been time-limited. *In total, 688, or 71 percent of the 974 families were on TFA more than once.*

Overall percent of families returning to TFA. Figure IV-18 shows the number of active families on TFA in relation to closed families who are returning to TFA. Approximately 30 percent of all families are returning to TFA; two-thirds within the year. Note that one year post closure had not passed for all families.

Most of the cases (81 percent) were closed by August 2006, the most recent month for which program review had data. There were 218 families (19 percent) that were TFA recipients in August 2006, 135 of whom (62 percent) had closed and then reopened between October 2003 and August 2006. Appendix W shows the number of times the 1,171 households cycled on and off of TFA between October 2003 and August 2006.

Figure IV-18. Number of Active Families Remaining on TFA and Closed Families Returning to TFA



Barriers to employment. In comparison to the families that had been on TFA just once, *families that had been on TFA multiple times had significantly more barriers to employment*. Figure IV-19 shows that the families returning to TFA were more likely to have a limited work history, math and reading skill deficits, and have personal/family barriers to employment. *Addressing barriers to employment, such as math and reading skill deficits through earning a GED or high school diploma, may reduce the likelihood of families returning to TFA.*

WIB regional differences in reasons for case closings. The five WIB Regions differed on several demographic characteristics as well as in the reasons that cases closed. Table IV-13 shows that *families in the Eastern Region were most likely to leave TFA because they were employed and earning above the Federal Poverty Level*. Families in the South Central and Southwest Regions were most likely to leave TFA because they had timed out or did not get an extension approved.

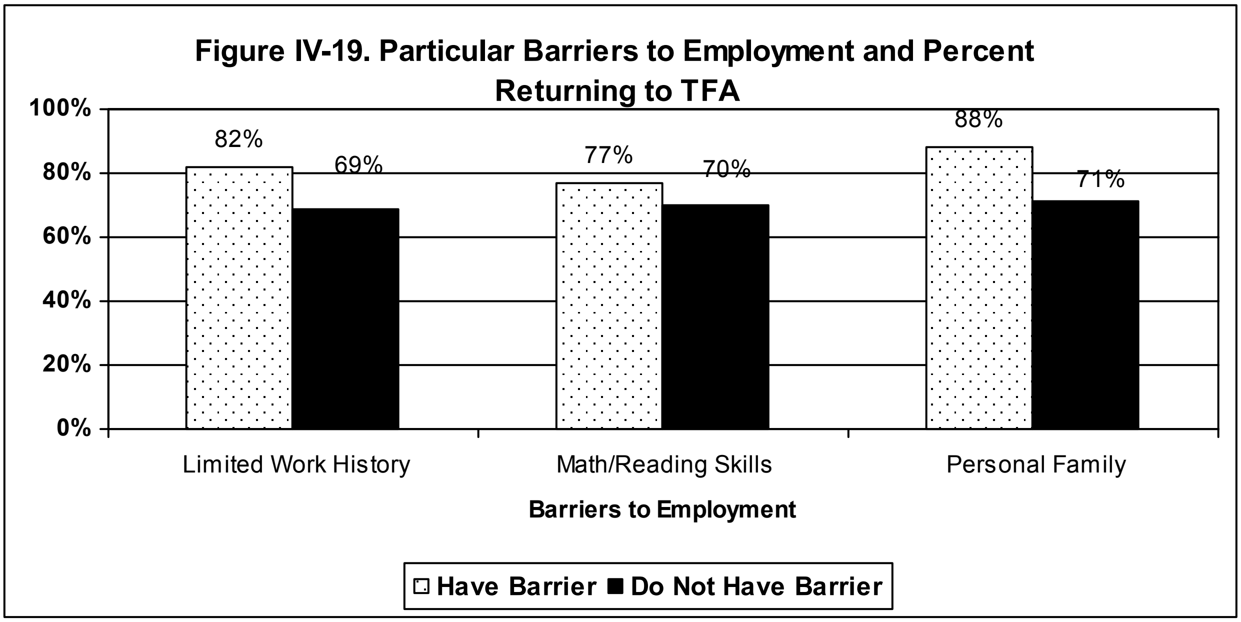


Table IV-13. Reason for TFA Case Closure Across the Five WIB Regions					
Reason	***Region***				
	Eastern (n=140)	***North Central (n=395)***	***Northwest (n=157)***	***South Central (n=200)***	***Southwest (n=193)***
Employed and earning above FPL	37%	24%	26%	24%	30%
Income above limit	6%	7%	6%	6%	6%
Timed out or extension not approved	6%	15%	13%	23%	21%
Sanctioned off TFA	3%	3%	3%	2%	2%
No show for required appointment or paperwork incomplete	24%	27%	28%	25%	23%
No eligible member in Assistance Unit	14%	13%	12%	9%	7%
Assistance Unit requested closure	9%	6%	8%	6%	7%
Other	1%	4%	4%	5%	3%
Total[1]	100%	99%	100%	100%	99%

[1]Percents may not total to 100 percent due to rounding.
Source: DSS

Success by particular types of work. Clients who left TFA and had better success worked in particular sectors of the economy (Table IV-14). *Clients who left and were earning above the federal poverty level were more likely to be working in the following sectors: health care and social assistance; professional, scientific; and finance and insurance*. (Appendix X provides employment sector information for JFES active, inactive and exempt clients).

Table IV-14. Client Earnings in the Quarter Following Exit From TFA and the Industry they worked in Between October 2003 and March 2006			
	Earning Above FPL in Quarter Post Closure (n=145)	***Earning Below FPL in Quarter Post Closure (n=222)***	***No Earnings in Quarter Post Closure (n=325)***
Sector	***Percent***	***Percent***	***Percent***
Administrative, Support, Waste Management and Remediation Services	46%	43%	25%
Accommodation and Food Services	21%	40%	22%
Health Care and Social Assistance	38%	29%	16%
Retail	23%	30%	14%
Education	7%	6%	5%
Professional, Scientific and Technical	8%	6%	3%
Wholesale	8%	6%	3%
Arts, Entertainment and Recreation	4%	8%	2%
Finance and Insurance	10%	3%	2%
Transportation and Warehousing	7%	4%	2%
Construction	3%	1%	1%
Real Estate, Rental and Leasing	6%	6%	2%
Information	6%	3%	1%
Manufacturing	2%	1%	2%
Public Administration	1%	<1%	0%
Agriculture	1%	1%	<1%
Other	9%	10%	6%
Source: DOL Wage Database			

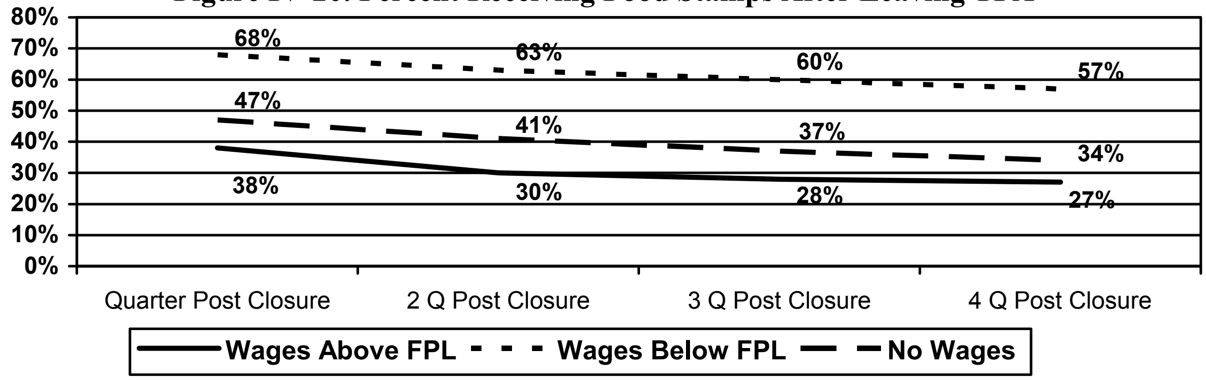
The *families earning below the federal poverty level were more likely to be working in* the following sectors: *accommodation and food services; retail; and arts, entertainment and recreation*. To promote financial independence, **program review committee recommends that:**

> **JFES staff should encourage families to prepare for and find employment in the more lucrative sectors**.

Other Financial Information about Families Once They Leave TFA

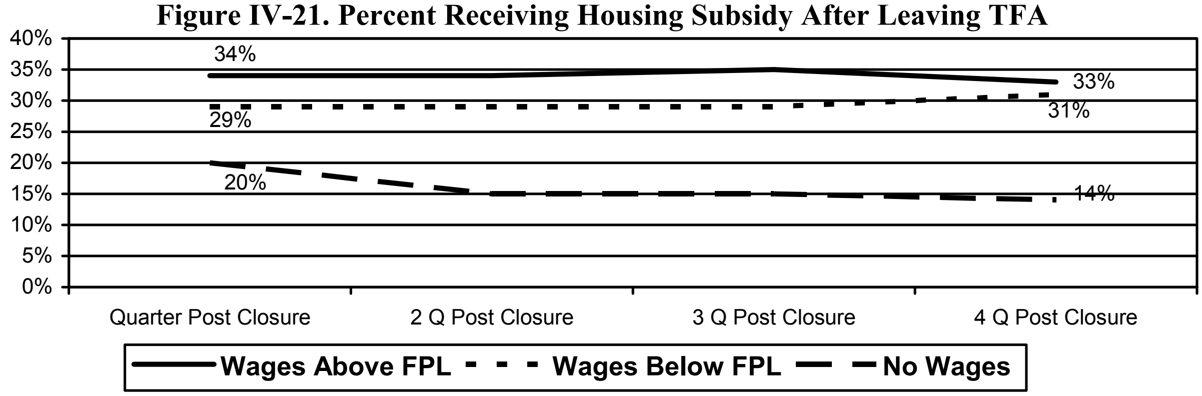
Receipt of food stamps by former TFA recipients. Figure IV-20 shows the percent of former TFA families receiving food stamps and whether they had wages above or below the federal poverty level in that quarter. *There is a lessening of reliance on food stamps, even for families with no wages reported in that quarter.*

Figure IV-20. Percent Receiving Food Stamps After Leaving TFA



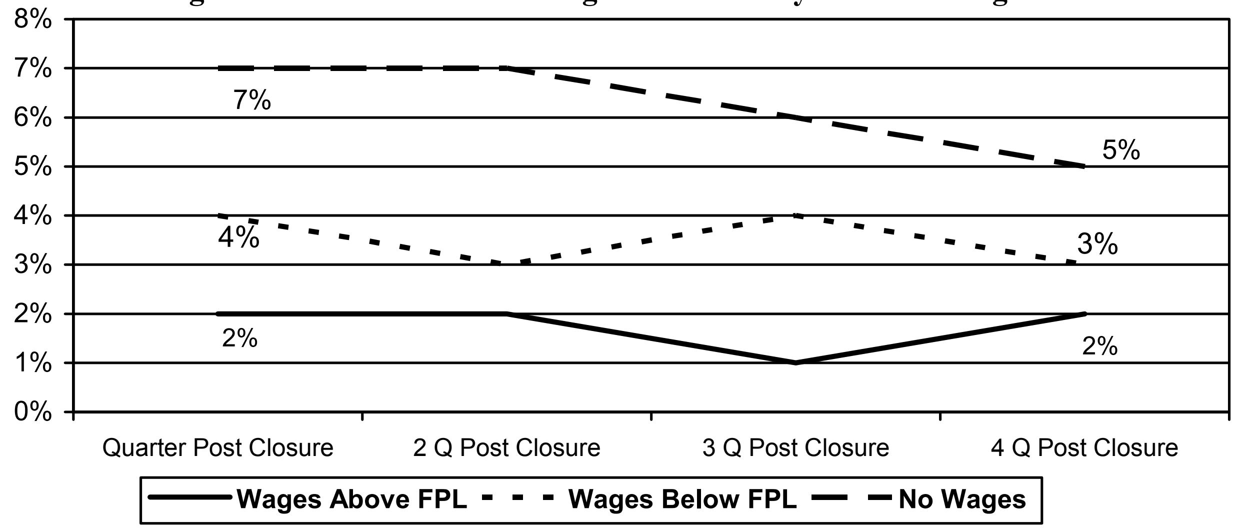
Receipt of housing assistance by former TFA recipients. Figure IV-21 shows the percent of former TFA families receiving housing assistance as indicated on DSS' eligibility information system and whether they had wages above or below the federal poverty level in that quarter. *Unlike food stamps, there is no significant lessening of reliance on housing subsidies or public housing*.

Figure IV-21. Percent Receiving Housing Subsidy After Leaving TFA



Receipt of social security by former TFA recipients. Figure IV-22 shows the percent of former TFA families receiving social security as indicated on DSS' eligibility system and whether they had wages above or below the federal poverty level in that quarter. *Most of the 47 families (74 percent) who received social security in the quarter after TFA closure had no earned wages reported on the DOL Earned Wage Database.* Relatively little change in their financial condition occurred for these families.

Figure IV-22. Percent Receiving Social Security After Leaving TFA



Section V

Federal and State Earned Income Tax Credit

Federal Earned Income Tax Credit. The federal Earned Income Tax Credit (EITC) is a tax credit that is used by federal and some state governments for low-income working individuals and families. It is a refundable tax credit that reduces or eliminates the taxes that low-income working people pay and also can operate as a wage subsidy for very low-income workers with no tax liability. The objective of the EITC program is to offset the burden of payroll taxes, reduce poverty, and provide an incentive to work. The federal government administers the EITC through the federal income tax system.

The federal EITC is recognized as the largest anti-poverty program in the United States that directly helps working families. Over 21 million families received more than $39 billion in refunds in 2004. In addition, research indicates that the impact of the program on the local economy is significant, because program recipients return the dollars they receive back to the communities in which they live.

In addition to the federal EITC, 19 states and the District of Columbia also have state administered EITC programs. The intent of these state programs is to further reduce the tax burden on low-income workers, supplement their wages, and assist welfare recipients in making the transition to work. *Overall, the committee found:*

- *Connecticut has a low rate of participation in the federal EITC program compared to states with similar poverty rates;*
- *outreach efforts in Connecticut to improve the number of low-income workers filing for the EITC, while increasing, are still not adequate;*
- *states with individual EITC programs have higher participation rates in the federal EITC; and*
- *all New England states have a state EITC program except for New Hampshire and Connecticut. New Hampshire has no income tax.*

Established in 1975, the federal EITC was created to offset the effects of federal Social Security and Medicare payroll taxes on low-income families. The EITC has been broadened several times by Congress since its initial adoption to provide additional assistance to welfare recipients entering the workforce and other workers supporting their families on low wages. The EITC maximum amounts and income limits are adjusted each year by the IRS for inflation.

To qualify for the credit, taxpayers must meet certain requirements and file a tax return, even if they did not earn enough money that requires a tax return be filed. If the EITC exceeds the amount of taxes owed by a family, it results in a tax refund to those who claim and qualify for the credit. The credit is not counted as income or assets in determining eligibility for most benefits including TANF cash assistance, food stamps, or medical assistance.

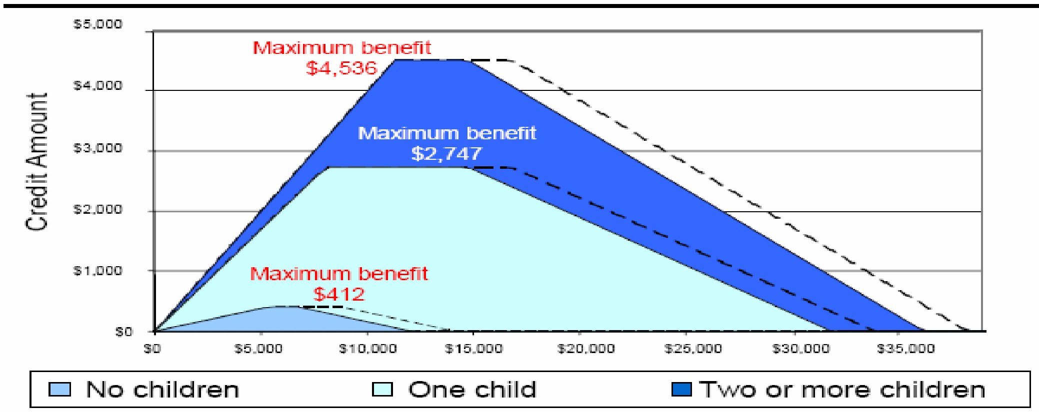
Eligibility. In order to qualify for the credit, an individual:

- must have a valid social security number;
- must have earned income from employment or from self-employment;
- cannot have a filing status of married, filing separately;
- must be a U.S. citizen or resident alien all year, or a nonresident alien married to a U.S. citizen or resident alien and filing a joint return;
- cannot be a qualifying child of another person; and
- must, without a qualifying child, must:
  - be age 25 but under 65 at the end of the year;
  - live in the United States for more than half the year, and
  - not qualify as a dependent of another person.

Benefit structure. The impact of the EITC on a working family's income can be significant. Larger families receive a larger credit because the EITC takes into account that they have greater living expenses than smaller families. Figure V-I shows that the credit is phased in and once annual earnings equal a specific amount, the credit is reduced through a phase-out.

FIGURE 1

The Federal Earned Income Tax Credit in Tax Year 2006



Note: Married couples with income in the phaseout range qualify for a higher credit than single parents — shown by dashed lines.

Table V-1 shows the benefit structure for 2006, which is linked to a family's income. The maximum federal EITC benefit for the 2006 tax year is $4,536 for families with two or more children and $2,747 for families with one child. Low-income workers without a qualifying child also can receive an EITC, but the maximum credit for individuals or couples without children is limited to $412.

Table V-1. Federal Earned Income Tax Credit Parameters for Tax Year 2006.					
				Phase-out Range	
Tax Year	***Credit Percentage***	***Max. Benefit***	***Phase-Out Rate***	***Single/Head of Household***	***Married, filing jointly***
Families with two or more children: 2006	40% of first 11,300	$4,536	21.06%	$14,810 - $36,348	$16,810 - $38,348
Families with one child: 2006	34% of first $8,050	$2,747	15.98%	$14,810 - $32,001	$16,810 - $34,001
Families with no children: 2006	7.65% of first $5,370	$412	7.65%	$6,710 - $12,120	$8,710 - $14,120
Source: Internal Revenue Service.					

The EITC gradually phases out as family income rises above $14,810 for single-parent families or $16,810 for married couples. Single-parent families with two or more children are eligible for some EITC benefit until income exceeds $36,348, while such families with one child remain eligible for some EITC benefit until income exceeds $32,001. For married couples, the maximum eligibility levels are $38,348 for two or more children and $34,001 for one child.

Use of federal EITC in Connecticut. There are no exact figures on the number of U.S. recipients that would be eligible for the EITC credit but do not file a tax return. However, the General Accounting Office (GAO) estimated in 1999 that 25 percent of eligible recipients did not claim the credit although more recent studies identified problems with the methodology used and re-calculated the estimate to be closer to 15 percent. Advocates for the EITC have indicated that even a small (e.g., 5 percent) increase in EITC participation would have a substantial financial impact on any state's working poor population.

Table V-2 compares the percent of EITC filings to the total number of returns filed in Connecticut and the amount of the credit received by recipients. In 2004, the average EITC in Connecticut was $1,635 per filer. If Connecticut could achieve the estimated 15 percent participation rate among those eligible for the federal EITC, it could result in an additional $12 million to the state's working poor families

Table V-2. Estimates of Current Federal EITC Use in Connecticut					
Tax Returns	***2000***	***2001***	***2002***	***2003***	***2004***
Total Returns	1,642,476	1,616,339	1,598,699	1,590,942	1,643,700
EITC Filings	141,404	142,006	156,517	161,804	159,816
% Receiving EITC	8.6%	8.8%	9.8%	10.2%	10.3%
EITC Amount	$212,629,087	$216,9945,510	$244,805,040	$255,778,895	$261,340,940
Source: IRS.					

Other state use of EITC compared to Connecticut. States with high poverty rates have higher EITC participation rates. However, the program review committee compared Maryland, Minnesota, New Jersey, and Virginia, four states with state EITCs that have poverty rates closest to Connecticut, and found that all four states have higher percentages of their residents receiving the federal EITC**.** Appendix Y compares Connecticut's use of the federal EITC with other states in the country.

Since 1990 the Connecticut Departments of Social Services (DSS) and Labor (DOL) have been required to notify their clients of the credit. DSS typically informs people of the credit's availability if they are engaged in work activities. In addition, as a result of the recommendations of the Child Poverty Council, P.A. 05-244 required DSS to promote the Federal EITC to government and private entities that had frequent contact with low income working families. DOL is also involved in the promotion of the federal EITC and has information about that and other tax credits available to low income working families on its website. The labor department includes printed information in the guides claimants receive when applying for unemployment compensation benefits. The IRS also promotes the EITC on its website as well as providing promotional materials that can be downloaded for local.

Outreach efforts have included posters and flyers promoting the EITC and the Volunteer Income Tax Assistance (VITA) sites, as well as direct mail campaigns targeted at low income working families. VITA sites have information about the EITC and are able to identify potential recipients while completing their returns.

There are many strategies that states use to attempt to increase the use of the federal EITC. The most common include partnerships with state agencies that commonly interact with the population who is most likely to be eligible for the credit. In particular, the involvement of human services and labor agencies are most common due to their interactions with low income working families. **Therefore, the program review committee recommends the Departments of Social Services and Labor should use the following strategies to increase federal EITC filing participation rates:**

- **discuss the EITC at regular client meetings;**
- **advertise with posters and flyers in agency offices;**
- **insert information in agency mailings to clients; and**
- **partner with utility companies to include EITC information in mailings with billing statements.**

State Earned Income Tax Credits

Nineteen states and the District of Columbia have enacted state Earned Income Tax Credits (EITC) that supplement the federal earned income tax credit and work as a rebate for state taxes paid by low-income working people. The states with an EITC use federal eligibility rules to qualify for the credit and the amount of the credit is calculated as a percentage of the federal credit. (The percentages are shown in Table V-3.) One state with an EITC, Minnesota, also uses federal eligibility rules, and its credit parallels major elements of the federal structure.

As shown in the table, all but four of the states with a state EITC have refundable credits, which allow a credit to either offset tax liability or provide an outright payment even if no tax is due. Delaware, Iowa, Maine, and Virginia have credits that can only be applied to reduce tax liability.

Table V-3. States with Earned Income Tax Credits Based on the Federal EITC.			
State	***Percentage of Federal Credit (TY 2004)***	***Refundable***	***Workers without Qualifying Children Eligible***
Colorado[a]	10%	Yes	Yes
Delaware	20%	No	Yes
D.C.	35%	Yes	Yes
Indiana	6%	Yes	Yes
Illinois	5%	Yes	Yes
Iowa	6.5%	No	Yes
Kansas	15%	Yes	Yes
Maine	4.92%	No	Yes
Maryland	20%	Yes	No
Massachusetts	15%	Yes	Yes
Minnesota	Average 33%	Yes	Yes
Nebraska	8%	Yes	Yes
New Jersey	20%	Yes	No
New York	30%	Yes	Yes
Oklahoma	5%	Yes	Yes
Oregon	5%	Yes (as of 2006)	Yes
Rhode Island	25%	Partially	Yes
Vermont	32%	Yes	Yes
Virginia	20%	No	Yes
Wisconsin	4% - one child 14% - two children 43% - three children	Yes	No

[a] The Colorado credit has been suspended since 2003 due to insufficient funds.
[b] Expires TY 2011.
[c] Maryland also offers a non-refundable EITC set at 5o percent of the credit. Taxpayers may claim either the refundable credit or non-refundable credit but not both.
[d] Minnesota's credit, depending on income level ranges from 25 percent to 45 percent of the federal EITC; taxpayers without children may receive a 25 percent credit.
[e] The New Jersey credit is available only to families with incomes below $20,000
[f] The New York credit will be reduced automatically to the 1999 level of 20 percent should the federal government reduce New York's share of the TANF block grant.
[g] Rhode Island made a very small portion of its EITC refundable effective in TY 2003. In 2005, the refundable portion was increased from 5 percent to 10 percent.

Source: Nage. Ami and Nicholas Johnson. 2006, "A Hand Up: How State Earned Income Tax Credits Help Working Families Escape Poverty in 2006. Center on Budget and Policy Priorities.

There are numerous advantages of having a state EITC. The federal EITC is widely recognized as the most successful anti-poverty program in the United States. The Legislative Program Review Committee, in its study of the Connecticut's Tax System (January 2006), found a state EITC can help offset the regressive nature of other state taxes such as sales and excise taxes. A state EITC can also help to offset the state income tax burden on low-income working families. **Therefore, the program review committee recommends:**

There shall be a study comparing the costs and benefits of adopting a state earned income tax credit program at either 5 percent, 10 percent, 15 percent or 20 percent of the federal earned income tax credit as opposed to using the funds for programs that address barriers to employment, such as child care and transportation.

Financing a State EITC

The cost of a state EITC depends primarily on four factors:

- the number of families in a state that claim the federal credit;
- the percentage of the federal credit at which the state credit is set;
- whether the credit is refundable or non-refundable; and
- the number of state residents that receive the federal credit also learn about and claim the state credit.

The annual cost of refundable state EITCs in recent years has ranged from about $17.3 million in Vermont to $591 million in New York, less than 1 percent of state tax revenue in each state.[6]

State EITCs are financed in whole or in part from funds available in a state's general fund -- the same funding source typically used for other types of tax cuts. When an EITC is used to offset the effects of a regressive tax increase, such as a sales tax increase, a part of the proceeds of the revenue increase may be set aside for the EITC.

Current federal regulations also allow a portion of the cost of a refundable credit to be funded by a state's share of the federal TANF block grant. However, most states have very limited availability of such funds, because the amount of the grant is fixed and has been further eroded because the Deficit Reduction Act of 2005 reauthorizing TANF have implemented costly new work requirements for states.

Table V-4 shows that in FFY 05, three states used part of their TANF block grants as part of the funding for their state EITCs and eleven states counted at least part of their state EITC funding as part of the MOE funds.

Adopting an EITC in Connecticut

In its 2006 study of the Connecticut's Tax System, the Legislative Program Review and Investigations Committee set out as a policy option for consideration adoption of a state EITC to make the tax system more equitable. As developed in the option, the structure would be similar to other Northeast states and the credit piggy-back onto the federal EITC. The study noted:

- that these types of programs provide incentives for people to work, even if their income is low; and
- certain states are using the state personal income tax system to reach the same objectives and to relieve the regressive nature of the sales and property tax,

[6] Center on Budget and Policy Priorities, A Hand Up, How State Earned Income Tax Credits Help Working Families Escape Poverty, 2003.

and hence make the system more equitable. For example, 28 states use child or dependent care credits depending on income, and 18 states use an earned income tax credit.

Table V-4. Use of TANF Funds for State EITC			
State	***EITC TANF***	***EITC MOE***	***EITC as % of Total***
Colorado	$0	$5,000,000	2.2%
District of Columbia	$0	$0	0.0%
Illinois	$14,835,790	$108,365	1.5%
Indiana	$0	$36,059,657	11.5%
Kansas	$0	$27,407,123	15.2%
Maryland	$0	$91,970,465	24.7%
Massachusetts	$0	$69,887,916	8.5%
Minnesota	$17,825,935	$35,532,713	12.9%
New Jersey	$18,393,000	$0	1.8%
New York	$0	$738,779,413	16.5%
Oklahoma	$0	$0	0.00%
Oregon	$0	$3,523,890	1.3%
Rhode Island	$0	$0	0.00%
Vermont	$0	$8,028,004	9.9%
Wisconsin	$0	$59,532,000	11.4%
Source: Center for Law and Social Policy. "Analysis of Fiscal Year 2005 TANF and MOE Spending by States.			

The study also stated that it is unlikely the same number of filers would apply for a Connecticut EITC program as apply for the federal FEITC -- because the federal filing requirements are markedly different from Connecticut's. A single filer under 65 must file a 2005 federal return if his/her income was $8,200; in Connecticut the filing requirement threshold was $12,625 for a single person. For those married filing jointly, the IRS threshold was $17,400, while it was $24,000 in Connecticut. Given Connecticut's filing thresholds, the state would want to offer a refundable credit as recommended, otherwise it would not benefit lower-income persons exempt from state filing.

The study also noted that this type of program has been shown to be prone to error and abuse. The Internal Revenue Service (IRS) conducted a study of the federal earned income tax credit program in 1999 and found that 27 to 32 percent of the claims were erroneous. As a result, the IRS strengthened enforcement activities, and enhanced research efforts to reduce over claims and erroneous filing associated with the EITC. During FY 2002, the IRS allocated approximately $100.6 million for EITC compliance activities.

Cost estimate. The program review committee estimated what it would cost the state to implement a state EITC (shown in Table V-5). The most important variables to consider when making this estimate are the percentage of the federal credit, and whether or not it will be refundable. Estimates calculated on the potential cost to Connecticut at the 20 percent level, which was proposed during the 2006 legislative session, are about $51 million dollars.

Table V-5. Estimated Cost of State EITC Bsed on Federal EITC Claims in FY 2004.	
Percentage of Federal EITC	***Estimated cost of State EITC in FY 2007***
Set at 5 percent	$13 million
Set at 10 percent	$25 million
Set at 20 percent	$51 million
Source: Center on Budget and Policy Priorities, *How Much Would a State Earned Income Tax Credit Cost?*, February 1, 2006.	

Connecticut 2006 EITC legislation. In 2006, the Human Services Committee raised a bill (SB-147) proposing a refundable state EITC set at 20% of the federal credit. At the public hearing, many individuals and organizations provided testimony in favor of a state EITC including, Connecticut Association of Human Services, Voices for Children, The African-American Affairs Commission, and The Latino Affairs Commission. The key points that supporters made about why Connecticut should have a state EITC are that the Federal EITC has been considered to be the most successful anti-poverty program in America and has received widespread bi-partisan support. No one testified in opposition to the credit. The bill was voted out of the human services committee after a public hearing. Although the bill never was taken up by the Finance, Revenue and Bonding Committee, a 10 percent EITC was included as part of the committee's budget package until it was removed as part of the budget negotiations. Similar legislation has also been introduced prior to 2006.

Supporters of the bill noted that[7]:

- Connecticut's income tax threshold (the income level at which families begin to have tax liability) for a family of four has been fixed at $24,100 since Connecticut's income tax was enacted in 1991. The threshold level has slipped -- from 73 percent over the poverty line in 1991 to 21 percent over the poverty line currently;

- In 2005, Connecticut taxed families with income at 125 percent of the poverty line for the first time since 1991 (personal exemption excludes from tax $19,000 for heads of household). Without legislative action, Connecticut will tax families with poverty-level incomes in just a few years.

- If Connecticut's lower income taxpayers were held harmless, relative to inflation, the income tax threshold would be $34,557 today, rather than the actual $24,100.

The committee realizes that the cost of adopting a state EITC would be high, but also recognizes the credit supports the local economy, and helps lift families out of poverty. A study comparing the costs and benefits of adopting such a tax credit versus using the revenue to support programs that address barriers to employment will help the legislature decide how to best use limited state resources.

[7] Public hearing submissions to the committee on Human Services, 2/23/06.

Section VI

Measures of Poverty and Connecticut's TFA Payment Standards

There are many different definitions and concepts of well-being. This section describes how poverty is measured by the federal government and examines Connecticut's poverty rates. It also identifies the level of income a family must be below in order to eligible for TFA and the different level in order to receive an extension to the 21-month time limit. Finally, it examines another measure, developed specifically for Connecticut and called the self-sufficiency standard, which is used to determine the income needed to meet family needs without public supports.

Federal Poverty Levels and Guidelines

Federal poverty thresholds. The U.S. Census Bureau annually determines the number of people in poverty by establishing poverty thresholds. Those considered "poor" live in families with incomes below the poverty threshold for their family type (based on family size and number of children in the family). Poverty thresholds are used for calculating all official poverty population statistics -- for instance, figures on the number of Americans in poverty each year. For example, in 2005 the federal poverty threshold for a family of three with two children was $15,735, making such a family officially "poor."

To measure income, the Census Bureau uses a nationally representative survey. The official poverty definition counts monetary income before taxes, including wages, salaries, interest, dividends, self-employment income, welfare payments (TANF), unemployment insurance, and social security payments. Realized capital gains and non-cash government benefits (such as public housing, Medicaid, and food stamps) are excluded from this definition of income.

The poverty thresholds were originally developed in 1963-1964 by an employee of the Social Security Administration. The initial thresholds were based on the U.S. Department of Agriculture's (USDA) 1955 Economy Food Plan, which was used to determine how much a family needed to spend on food to meet their minimum food needs and then determined the share of income a family spent on food.

In 1955, families of three or more persons (all such families, not just low-income families) spent about one-third of their after-tax money income on food. Because food costs were a third of a family's expenses, the methodology used multiplied the costs of the food plan for different family sizes by three. These measures were later adopted by the Census Bureau as the official poverty thresholds also. The Census Bureau updates the poverty thresholds for inflation each year using the consumer price index (CPI). There have been only minor changes to the way the thresholds are calculated since they were adopted. (Note that the food share used to develop the thresholds does not represent today's consumption pattern for either the general population or the poverty population.)

Criticisms of measure. The methodology used by the federal government for measuring the rate of poverty has been criticized almost since its inception. The most significant criticisms include:

- inadequate adjustments for changing consumption patterns, inflation, and different family sizes and structures;
- exclusion of taxes (family income before taxes is used by the Census Bureau to measure official poverty);
- failure to include other government benefits as income because of the value to recipients of in-kind benefits (e.g., food stamps, Medicaid, subsidized housing, childcare) received and taxes paid; and
- no adjustments for substantial geographic variation in the cost of living.

Poverty Guidelines. The poverty guidelines are based on the poverty thresholds but are issued by the Department of Health and Human Services. The guidelines are used to determine eligibility for many government programs, including food stamps, legal services, and the school lunch program, and are referred to as the federal poverty level (FPL). For practical purposes, the main difference between the two sets of numbers is that the poverty guidelines are more current than the thresholds. The guidelines are updated for the current year in the winter/early spring of that year, whereas the thresholds aren't updated until sometime in the following year. The guidelines for 2006 are shown in Table VI-I.

Table VI-I. 2006 HHS Poverty Guidelines (Federal Poverty Level)

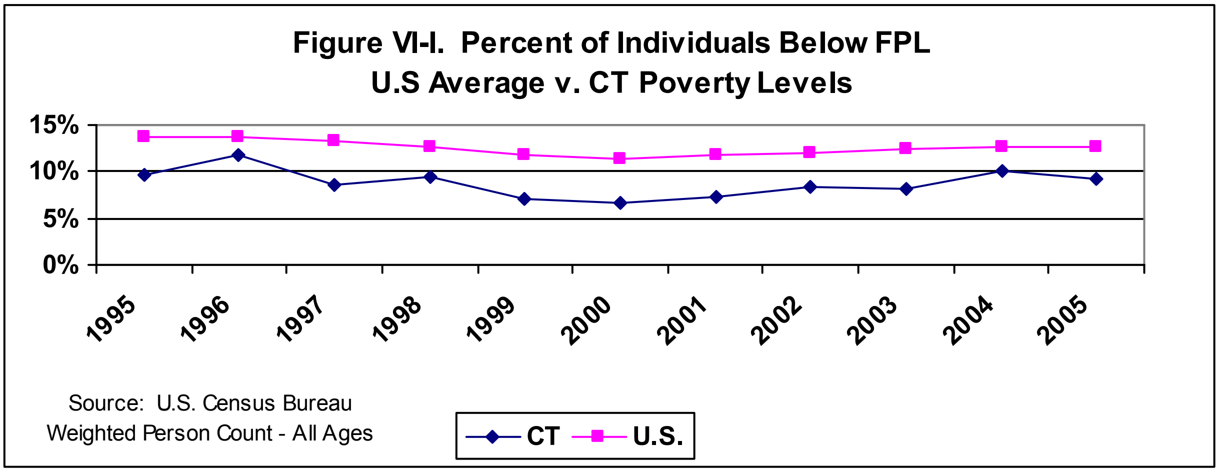
Persons in Family or Household	***48 Continuous States and D.C.***	***Alaska***	***Hawaii***
1	$9,800	$12,250	$11,270
2	$13,200	$16,500	$15,180
3	$16,600	$20,750	$19,090
4	$20,000	$25,000	$23,000
5	$23,400	$29,250	$26,910
6	$26,800	$33,500	$30,820
7	$30,200	$37,750	$34,730
8	$33,600	$42,000	$38,640
For each additional person, add	$3,400	$4,250	$3,910

Source: Federal Register, Vol. 71, No. 15, January 24, 2006, pp. 3848-3849

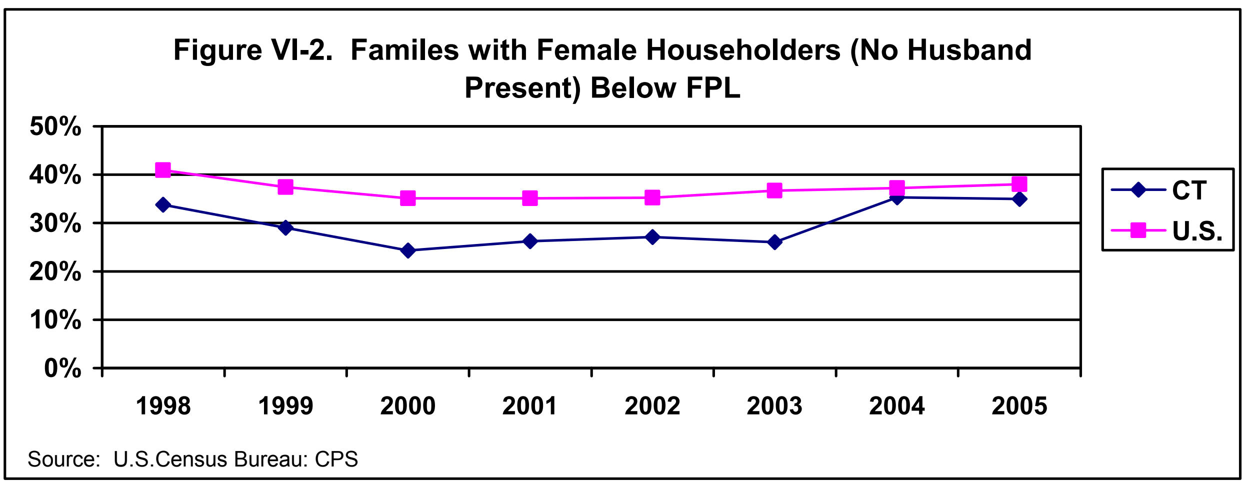
Connecticut's Jobs First program does not use either of these standards to determine eligibility for benefits. Rather, a Standard of Need (SoN), which is based on the 1992 federal poverty level is used to determine eligibility while a different measure, called the Payment Standard, which is what a family actually receives as its TFA cash amount, is used to determine whether a time-limited client is eligible for an extension once the 21-month time limit expires.

Poverty Levels in Connecticut

Trends in poverty rate. The program review committee examined census data from the Current Population Survey (CPS) to determine if the percent of individuals living below the Federal Poverty Level (FPL) in Connecticut has changed over time. Figure VI-I compares Connecticut's poverty rate to the U.S. average. For the most recent year in which data are available (2005), 9.3% of Connecticut residents (326,000) had incomes under the FPL.



Poverty statistics and specific subgroups. The percent of people in Connecticut living below 100 percent of FPL is much greater when only families with a female householder, no husband present are considered. Figure VI-2 shows that Connecticut's rate of poverty is much closer to the U.S. average when this subgroup is examined. Furthermore, although the poverty rate declined between 1998 and 2000 and remained relatively flat from 2001 to 2003, it has grown by about 9 percent since 2003 to over one-third (35 percent) of families with female householders and no husband present living below the federal poverty level.



Poverty rate in cities. Table VI-2 shows Connecticut's cities have the highest percentage of people living below the FPL compared to the rest of the state. The Census Bureau, through the American Community Survey, issued poverty, median income, and other estimates for several Connecticut cities. According to the survey, almost 43 percent of children under 18 years old in families living in Hartford are under the FPL, followed by New Haven at almost 40 percent.

VI-2. Poverty Rates and Income in Connecticut Cities: 2005.			
City	***Persons with income < FPL***	***Children under 18 in Families < FPL***	***Median Household Income in 2005 Dollars***
Hartford	32.0%	42.5%	$26,032
New Haven	27.2%	39.8%	$30,603
New Britain	18.8%	30.3%	$39,303
Waterbury	18.0%	26.8%	$36,120
Bridgeport	17.9%	27.3%	$36,976
Danbury	11.4%	8.2%	$55,881
Stamford	8.7%	12.1%	$66,638
Norwalk	8.1%	26.8%	$36,120
Source: Connecticut Voices for Children. Census Bureau Reports Increase in CT Poverty and Uninsured Rates Despite Improving Economy. Press Release, August 29, 2006. (Based on U.S. Census Bureau Current Population Survey.)			

Eligibility for TFA and Connecticut's Payment Standard

Since 1969, under the federal Aid to Families with Dependent Children (AFDC) law, states were required to establish two standards -- a Standard of Need (SoN) for determining eligibility for AFDC and a Payment Standard for the amount of assistance payments since states could pay less than the need standard. Connecticut has had such standards in place for almost 40 years. Prior to 1994, Connecticut defined its SoN as the monthly amount of money considered necessary to cover 23 usual, recurring basic needs of a family, such as food, clothing, shelter, fuel and utilities. According to DSS, the methodology had not been updated since the 1970s. In 1994, however, the SoN was revised and set at about 60 percent of the FPL, although DSS policy transmittals continue to define the SoN as representing "normal, recurring, basic needs of a family."

In 1993, in accordance with the federal Family Support Act of 1988, Connecticut was required to revise and update its SoN. Federal law required the revised need standard to reflect the actual cost of living in the state.

Public Act 93-418, which mirrored the requirements of the federal law, required the DSS commissioner to establish a new SoN based on the cost of living in the state effective January 1, 1994. The act created a different Payment Standard and required it to be equal to the SoN that was in effect July 1, 1993, which was 78 percent of the new SoN (see Table VI-3). The act also froze the payment standards at their current levels for the next two fiscal years, then, beginning July 1, 1995, increased it by any increase in the CPI for urban consumers, with a maximum annual increase of 5 percent. Subsequent legislation, however, suspended this requirement each year through June 30, 2006. Thus payment standards have been stagnant since 1991.

Table VI-3. An Example of the Relationship between Payment Standard and Standard of Need for a Family of Three in Region B.			
Year	*Payment Standard*	*Standard of Need to Determine Eligibility*	*Cash Benefit for Family of Three in Region B*
1993 and before	100 Percent of SoN	$581	$581
1994	78 Percent of SoN	$745	$581
1995 – 2006	73 Percent of SoN	$745	$543
Source: OFA budget book 1993 -1995 and Public Act 93-418 and 95-194.			

The 1994 revised SoN was based on a percentage of the 1992 FPL (e.g., $9,190 for a family of two in Region B). Essentially, this change resulted in the new Payment Standard equaling the previous SoN. However, because eligibility for welfare is based on meeting the SoN thresholds, it was anticipated that more families would become eligible for welfare.

The actual cash benefit was reduced under P.A. 05-194 by resetting the Payment Standard to 73 percent of the SoN for families not in subsidized housing and an additional 8 percent for families in public or subsidized housing.

At the same time this was implemented, other welfare reform initiatives were being implemented. One reform, called "fill-the-gap" budgeting, was initiated in 1994, to provide an incentive for AFDC clients by allowing working clients to keep more of their earnings -- up to the SoN threshold. For fill-the-gap budgeting to work, there needed to be a gap between the state's SoN and its Payment Standard. Under fill-the-gap budgeting, the state paid a percent of the difference between the standard of need and the client's income. Connecticut, for example, paid 78 percent of the new SoN in 1994 and reduced it to 73 percent in 1995.

Fill-the-gap budgeting was eliminated by regulation in 2000. Instead, even greater work incentives were put into place by allowing clients who were under the 21-month time limit to keep all income up to the FPL, a much higher threshold and the most generous income disregard in the country. This policy remains in effect today. Once a client's income exceeds the FPL ($16,600 versus TFA cash payment of $6,516 for a family of three), the family is no longer eligible for TFA. This is discovered when clients report earnings to their eligibility services worker or when a client's eligibility is redetermined (at 12 months and then again at 20 months).

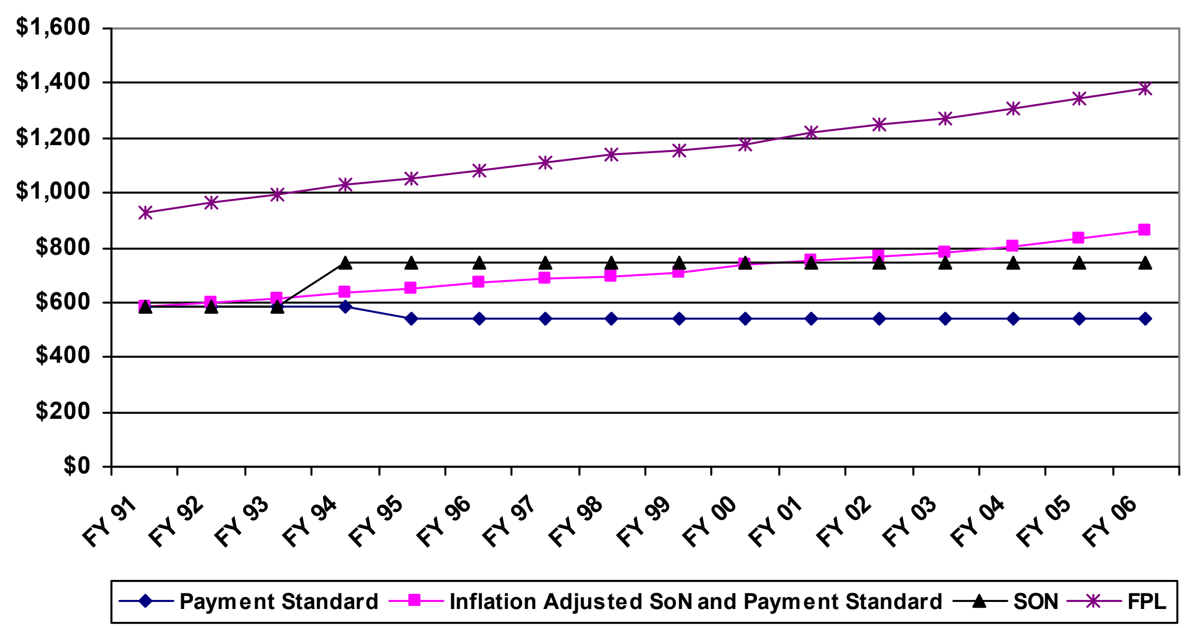
At the 20-month redetermination interview, a client can request and be granted a 6-month extension. In order to be eligible for an extension, however, client income cannot exceed the Payment Standard. The gap between the FPL and the Payment Standard is large. This policy creates a major cliff for more successful clients who at 22 months find their income greatly reduced once the 21-month time limits are reached – even those who earn slightly more than the payment standard. This cliff is discussed in greater detail in the next section.

Effect of No Increases

Since the SoN, and therefore the Payment Standard, has not been increased since 1994, recipients of TFA have seen the value of their cash benefits steadily erode over the last 15 years. The last time TFA cash payments were increased was in 1991; they were subsequently reduced in 1995 resulting in a benefit 5 percent lower for families that did not have a rental subsidy and 13 percent for those that did. Although P.A. 88-201 and P.A. 93-418 required annual increases to the payment standard (based on the CPI), subsequent legislation has eliminated these increases each year since FY 92.

Figure VI-3 illustrates the disparity between the state's actual TFA payment standard for a family of three in Region B. The figure compares the Payment Standard and SoN unadjusted and adjusted for inflation since 1991 and the FPL.

Figure VI-3. Payment Standards and Other Measures per Month



Based on this comparison, *the committee found:*

- *the inflation-adjusted Payment Standard and inflation-adjusted SoN track the same because they equaled each other in 1991;*
- *the gap between the level of cash assistance provided and the federal poverty level has increased -- in 1991, cash payments amounted to 63 percent of FPL and only 39 percent by 2006;*
- *if the Payment Standard had been adjusted for inflation each year since 1991, the average monthly benefit would be $316 per month higher;*
- *when adjusted for inflation, the Payment Standard exceeds the current SoN; and*
- *even when not inflation adjusted, payments were higher in 1994 than they are in 2006.*

Given that the Payment Standard has not been increased in fifteen years, **the program review committee recommends:**

> **The Payment Standard shall be increased to the current Standard of Need. The new Payment Standard would be temporary while a more valid methodology for determining the Standard of Need is developed.**

This increase is still less than the amount clients would have received if the Payment Standard had been inflated to the CPI. There is still a $114 gap between the current SoN and the SoN adjusted for inflation since 1991.

As noted earlier, the FPL is not the most valid method for measuring poverty and subsequent need. The methodology used by the federal government for measuring the rate of poverty is antiquated and based on food consumption patterns in the 1950s that no longer reflect changing consumption patterns. In addition the FPL does not account for geographic variations in the cost of living and does not take into account other government benefits as income such as food stamps, Medicaid, subsidized housing, and childcare.

Given that the eligibility for TFA is based on a percentage of the FPL and the amount of cash assistance is linked to the SoN, the committee believes a sounder methodology should be used that determines the adequacy of the cash benefit under TFA. The committee believes that such standards should reflect the actual cost of living in Connecticut. **Therefore, the program review committee recommends:**

> **The Department of Social Services shall revise the methodology used to establish the Standard of Need for determining eligibility for cash assistance programs and establish payment thresholds consistent with those standards by January 1, 2008. Such standards shall be updated each fiscal year by the Consumer Price Index for urban consumers. The standards may vary by geographical areas and family size. Such standards shall be based on studies of actual living costs and generally recognized inflation indices and shall include reasonable allowances for childcare, shelter, fuel, food, transportation, clothing, household maintenance and operations, personal maintenance, and necessary incidentals. Separate standards may be established for families that reside in subsidized or public housing. Other public in-kind benefits shall be considered when establishing the standards.**

Under AFDC, states were required to make cash assistance payments to all eligible families. Benefit levels were based on need standards established by each state that reflected the state's definition of the cost of meeting basic living needs for families of various sizes. However, states were not required to set AFDC payment levels equal to the full need standard. Under TANF, there is no federal requirement that states set benefits as a proportion of family needs or that they offer cash assistance at all. However, all states still use these standards in determining eligibility for assistance and setting the payment thresholds.

Self-Sufficiency Measure for Connecticut

History. Public Act 98-169 requires the Office of Policy and Management (OPM) to develop an interagency self-sufficiency measurement standard. The standard to be developed was defined as "a calculation of the income an employed adult may need to meet family needs, including, but not limited to, housing, food, day care, transportation and medical costs." The measure has to account for geographical variations in costs and the age and number of children in the family. In addition, the value of any state or federal public assistance benefit received by a recipient of Jobs First must be calculated into a recipient's self-sufficiency measurement.

The law also requires OPM to distribute the self-sufficiency measurement to all state agencies that counsel individuals who are seeking education, training or employment no later than Oct. 31, 1999 and any other entity that requests it. The agencies can use the measurement to assist and guide individuals who are seeking education, training or employment in establishing personal financial goals and estimating the amount of income such individuals may need to support their families.

The law prohibits the use of the measurement to:

- analyze the success or failure of any program;
- determine or establish eligibility or benefit levels for any state or federal public assistance program, including temporary family assistance, child care assistance, medical assistance, state administered general assistance, food stamps or eligibility for the HUSKY plan;
- determine whether a person subject to time-limited benefits under Jobs First qualifies for an extension of benefits; or
- supplement the amount of benefits award under the Jobs First program.

In 2002, the legislature adopted P.A. 02-54 which requires the standard to be updated by the Office of Workforce Competitiveness, in consultation with OPM, every three years (within existing budgetary resources). The office must distribute the updated standard to all state agencies that counsel individuals who are seeking education, training or employment and to any other entity that requests it.

In 2005, the Office of Workforce Competitiveness issued a report updating the Self-Sufficiency Standard for the first time since 1999. The standard was calculated for 70 different family types in 23 Connecticut regions (based on the five Workforce Investment Boards geographic areas) and for nine stand-alone cities. There is no single statewide measure.

The Self-Sufficiency Standard measures how much income is needed for a family of a certain composition in a giving geographic are to adequately meet their basic needs without public assistance. The report noted the differences between how components are used to calculate the FPL and the Self-Sufficiency Standard (shown in Table VI-4).

Table VI-4. Methodologies to Calculate Measures	
Federal Poverty Level	***Self-Sufficiency Standard***
Based on cost of single item – food	Based on cost of each basic need and determined independently
Assumes two-parent family with a stay-at-home wife	Assumes that all adults work full-time, and therefore includes all major costs associated with employment
Does not distinguish between families with employed adults and those in which adults are unemployed	Takes into account that many costs differ not only by family size and composition (which FPL measure does), but also by the ages of children
Does not vary by geographic location	Incorporates regional and local variations in costs
	Includes the net effect of taxes and tax credits
Source: Report prepared by Dr. Diane Pearce for the Office of Workforce Competitiveness, The Self-Sufficiency Standard for Connecticut 2005.	

Key findings of the report include:

- child care costs account for between 30 percent to 39 percent of a family's monthly budget;
- housing costs are between 16 percent to 27 percent; and
- health care expenses are a relatively small budget item (about 8 percent), if families have access to employer-sponsored health insurance.

The 2005 report states that in every region in Connecticut, a single parent with one preschooler and one school age child needs to earn a minimum of two and one half times Connecticut's 2006 minimum wage of $7.40 in order to meet any of the regional Self-Sufficiency Standards, in the absence of any other public support. The report also noted that public and private work supports play a vital role, when used as short-term assistance, in narrowing the gap between actual income and self sufficiency. The report further notes that the provision of education and skill training and career ladders is an essential component of making people self sufficient.[8]

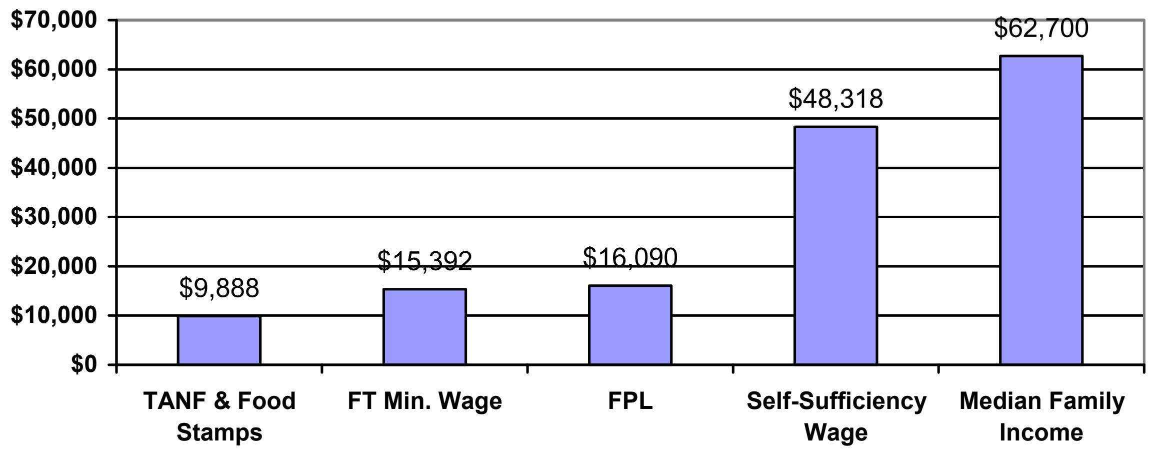
Figure VI-4 compares the self-sufficiency standard to other commonly used measures of income adequacy. The figure uses a family of three living in Waterbury compared to four other benchmarks. The figure shows:

- ***TANF and Food Stamps*** - assuming no wage or other income, the total basic "cash" assistance package is $9,888 per year. This amount is 21 percent of the Self-Sufficiency Standard for a family of three in Waterbury and 62 percent of the FPL.
- ***Federal poverty level***, - a family consisting of one adult and two children would be considered "poor" with a monthly income of $1,341 or less. The official poverty level for a three-person family in Waterbury is only one-third of the Self-Sufficiency Standard.

[8] The Real Cost of Living in 2005: The Self-Sufficiency Standard for Connecticut.

- ***Minimum Wage*** - a full-time worker at $7.40 per hour earns $15,629 per year. Subtracting payroll taxes and adding the Earned Income Tax Credit and Child Tax Credit this worker would have a net income of $19,130 per year – this amount exceeds the FPL but provides only 40 percent of the amount needed to be self-sufficient.
- ***Median Family Income*** - a rough measure of the relative cost of living in an area. The Self-Sufficiency Standard is 77 percent of the median family income for Waterbury.

Figure VI-4. The Self-Sufficiency Standard Compared to Other Benchmarks, 2005



Source: Diane Pearce, The Real Cost of Living in 2005
LPR&IC Corrected amount of $15,392 for FT Min. Wage

Impact of adding child support and work supports. The impact of adding work supports for a family consisting of a single parent with one infant and one preschooler living in the various regions and cities of the state were modeled in the report. Using the city of Hartford as an example, Table VI-5 demonstrates how child care, and various other work supports (alone and in combination) could lower the wage needed for a single parent with an infant and preschooler to meet their basic needs. Costs that are reduced by work supports are noted in bold.

FPL and Connecticut's minimum wage. Connecticut's minimum wage is $7.40 as of January 1, 2006, and increases to $7.65 on January 1, 2007.[9] It is the second highest minimum wage in the United States; Oregon is first with a minimum wage of $7.50 per hour. The federal minimum wage is $5.15.

Although Connecticut's minimum wage is among the highest in the nation, full-time minimum wage employment still does not bring a family above the FPL. A single parent working 40 hours per week, 52 weeks of the year, at minimum wage would earn $15,392, which is below the federal poverty guideline for a family of three ($16,090). Furthermore, the Office of

[9] The minimum wage for service employees (defined in statute) and bartenders is lower.

Table VI-5. Impact of Child Support and Work Supports on Monthly Costs and Self-Sufficiency Wage: 2005 Example of a Single Parent with One Infant and One Preschooler in Hartford, CT							
Monthly Costs	***#1***	***#2***	***Work Supports Provided***				
			#3	***#4***	***#5***	***#6***	***#7***
Monthly Costs	***Self-Sufficiency***	***Child Support[1]***	***Child Care[2]***	***Child Care, food Stamps, WIC & Medicaid[3]***	***Child Care, food Stamps, WIC & HUSKY B[4]***	***Housing, Child Care, food Stamps, WIC & HUSKY B[5]***	***Housing, Child Care, food Stamps, WIC & HUSKY B[6]***
Housing	$709	$709	$709	$709	$709	**$709**	$709
Child Care	$1,653	$1,653	**$598**	**$598**	**$526**	**$598**	**$52**
Food	$459	$459	$459	**$418**	**$418**	**$261**	**$67**
Transportation	$45	$45	$45	$45	$45	$45	$45
Health Care	$282	$282	$282	**$0**	**$122**	**$0**	**$0**
Misc.	$315	$315	$315	$315	$315	$315	$315
Taxes	$816	$721	$408	$294	$335	$195	$110
EITC	$0	****	****	****	****	****	****
Child Care Tax Credit	-$100	-$100	-$130	-$84	-$106	-$37	$0
Child Tax Credit	-$167	-$167	-$21	$0	$0	$0	$0
Child support		**-$184**					
Self-Sufficiency Wage Needed							
Hourly	$22.79	$21.21	$15.14	$12.58	$13.43	$9.90	$7.37
Monthly	$4,011	$3,732	$2,664	$2,213	$2,363	$1,743	$1,297
Annual	$48,137	$44,788	$31,967	$26,652	$28,356	$20,911	$15,568
Total EITC		$0	$525	$1,663	$1,285	$2,853	$3,978
Total CTC		$0	$1,742	$2,000	$2,000	$1,524	$723

[1]Child support - child support payment of $184 per month is the average amount received by families who participation in the Child Support Enforcement Program in Connecticut. Child support is not taxable and reduces the amount families need to earn both directly and through lower taxes. (only $50 disregarded – was this figured into calculation?)

[2]Child Care – first public work support added. Child care assistance requires co-pay of income (up to 10 percent), plus the difference between actual costs and maximum allowed amount (called the cap which varies depending upon the child's age).

[3]Child Care, Food Stamps, WIC, and Medicaid – not eligible for food stamps

[4]Child Care, Food Stamps, WIC, and HUSKY B – After one year of transitional Medical Assistance, the parent whose income is over 150 percent of FPL loses Medicaid coverage.

[5]Children in families with income up to 185 percent of FPL are eligible for HUSKY A. Parent is no longer eligible if income about 150 percent of FPL. Still ineligible for food stamps.

Source: Diane Pearce. The Self-Sufficiency Standard for Connecticut 2005.

Workforce Competitiveness's Self-Sufficiency Report (2005) shows that economic self-sufficiency requires a much higher annual income than the federal poverty level. For example, full time, year round, minimum wage employment provides less than half of what it really costs for a parent to support two children in Waterbury according to the report.

Findings:

- *even when an individual is working 40 hours per week at a minimum wage job, he or she still earns under the FPL;*
- *a single parent with one preschooler and one schoolage child needs to earn a minimum of two and one half times Connecticut's 2006 minimum wage of $7.40 in order to meet the Self-Sufficiency income measure; and*
- *the FPL is so much lower than the Self-Sufficiency Standard that, even adding in-kind public supports, a family still would not be earning a self-sufficiency wage.*

Section VII

Strategies to Achieve TANF Work Participation Rates

The Temporary Assistance for Needy Families (TANF) block grant program was reauthorized by Congress and signed into law in February 2006 under the federal Deficit Reduction Act (DRA) of 2005. The act significantly increases the number of adults that states must have meet the TANF work participation requirements and adds new verification requirements that states must adhere to in documenting the number of hours that adult members of these families are engaged in work activities. As a result, states will be facing considerable pressures over the next year to substantially increase the percent of welfare recipients engaged in work activities in order to meet federally mandated work participation rates (WPR). Failure to meet the higher WPR, or to follow the verification procedures, could result in significant fiscal penalties being imposed on states.

Specifically, the DRA makes four key changes to the WPR structure. It:

- modifies the caseload reduction credit so that as of October 1, 2006, adjustments to participation rates are based on caseload declines after 2005 rather than after 1995;
- specifies that as of October 1, 2006, a state's participation rate calculation will be based on the combined number of families receiving assistance in TANF and state-funded programs that count toward the state's MOE requirement. (programs funded solely with state MOE dollars did not count toward work rates under the previous law.);
- requires HHS adopt regulations no later than June 30, 2006, specifying uniform methods for reporting hours of work, the type of documentation needed to verify reported hours of work, whether an activity can be treated as one of the federally listed work activities for purposes of participation rates, and the circumstances under which a parent who resides with a child receiving assistance should be included in the work participation rates; and
- establishes two penalties – one if a state fails to meet the WPR (5 percent of a state's TANF block grant the first year) and a separate penalty of up to 5 percent of a state's block grant if a state fails to implement verification procedures and internal controls consistent with the regulations (this is discussed in the next section).

Effective October 1, 2006, the all-families work participation requirement is 50 percent and the two-parent work participation requirement is 90 percent; both rates are then reduced by the number of percentage points by which the state's caseload falls below 2005 levels for reasons other than eligibility rule changes.

Impact on Connecticut

To increase work participation rates significantly, states will have to engage more recipients in welfare-to-work activities. Based on estimates produced by Connecticut's labor department, 9,972 Jobs First recipients will be federally mandated to participate and 4,986 (50 percent) will need to meet the federal participation requirements. Based on data from July 2006, the Departments of Labor and Social Services estimate that about 2,181 Jobs First recipients were engaged in work activities that meet the 30-hour threshold needed to count toward inclusion in the WPR. Thus, Connecticut faces a major and very difficult undertaking, given that Connecticut will have to increase participation by 128 percent.

It is important to note however, more than 2,181 clients most likely were participating in JFES, just not enough to be count in the WPR. Those who would not count toward the July 2006 WPR include clients who are participating: in job search activities for more than four weeks prior to July 1; only in adult education; less than 30 hours per week; or resolving a barrier, such as child care. Furthermore, the number of participating includes Jobs First recipients that Connecticut considered exempt from participating in the JFES program includes exempt due to medical issues.

The penalty for not meeting the participation requirements is up to 5 percent ($13 million) of Connecticut's $266.8 million TANF Block Grant the first year and would increase by 2 percent ($5 million) per year for each subsequent year of noncompliance.

The new work mandates will require the commitment of additional resources not only to the JFES program, but also to the state's child care program, Care 4 Kids. Jobs First program changes will focus on how to quickly increase Connecticut's WPRs in order to avoid hefty federal monetary penalties and identify better strategies to engage more Jobs First recipients in work activities. Any debate will most likely include whether the Jobs First program, as it is currently structured, is adequate or should be modified to provide more support to clients facing significant barriers to employment and/or increase opportunities for working clients to achieve greater economic self-sufficiency.

Calculation of WPR

The formula (shown in Figure VII-I) to calculate the WPR was unchanged by DRA; what has changed are the Jobs First recipients who must be included in the calculation (i.e., previously excluded clients are now considered non-exempt. As noted in the staff briefing paper, the WPR is calculated by dividing the number of families receiving TANF-funded assistance who are engaged in work activities (numerator) by the total number of non-exempt families receiving TANF assistance (denominator).

Number of hours required. Table VII-1 shows the minimum number of hours in which Jobs First non-exempt recipients must participate in order to be counted as engaged in work activities and included in the numerator of the WPR calculation.

Figure VII-I.

Work Participation Rate = A/B*100

A (the numerator) = number of families in which an adult or minor head of household worked the required minimum number of hours in countable work activities

B (the denominator) = all non-exempt adult or minor heads-of-households receiving TANF

Table VII-I. Hours Required by Type of Recipient in Order to Count Toward WPR in FFY 07.	
Type of Recipient	**Required No. of Hours on Avg. per Week**
Two parents	35
Single parent	30
Single parent with child under 6 years old	20
Single parent under 20 years old	Satisfactory school attendance or equivalent
Source: GAO-05-821 Welfare Reform, p. 27.	

Increasing Connecticut's Work Participation Rate

All states are discussing various policy options that will increase WPRs among their welfare clients. The options for Connecticut can be grouped into five categories. The options:

- provide non-TANF funded state assistance programs for those individuals least likely to participate in work activities using Separate State Funds (SSF), which would not count towards a state's MOE requirement (remove from WPR equation);
- eliminate financial cliffs for working parents and allow them to remain on welfare longer (increase numerator);
- monitor families that change from exempt to time-limited so they do not fall through the cracks (increase numerator);
- monitor work or lack of work participation in the JFES program diligently and cut off cash assistance promptly (remove from WPR equation); and
- provide more intensive case management services to clients who have the most barriers and/or are the most difficult to serve (increase numerator).

Implementing strategies based on four of the five options will require additional state financial and staffing resources.

The committee finds that the changes in the DRA have increased the pressure on states to enroll clients in countable activities in order to meet WPRs. As a result, the state JFES program, as currently structured, will most likely fail to meet the WPR without program changes and thus *the state faces potential penalties (a $13 million reduction in the TANF block grant received the first year and steeper reductions in subsequent years).*

Remove certain TFA client groups from WPR. As noted in the staff briefing, states fund their welfare programs with a combination of federal and state funds from two primary sources – the annual federal TANF block grant and state maintenance of effort (MOE) dollars to meet federal MOE standards. States must use all federal TANF and state MOE funds to meet at least one of the four purposes articulated in the law, or to continue providing services and benefits that they were authorized to provide under their former Title IV-A or Title IV-F state plans (which covered AFDC, Emergency Assistance, and JOBS).

Until October 2006, the Department of Social Services removed two-parent families and certain other groups from the WPR calculation and funded them under Separate State Programs (SSP), because it was determined that these groups would not meet the requirements (the two-parent group has always been required to have a 90 percent WPR compared to a 50 percent WPR for all families). Under previous law, cash assistance provided to these groups could be counted toward a state's maintenance of effort requirement (MOE). Under DRA, however, if a state wishes to exclude certain groups not federally exempt from the calculation, these clients must be funded under Separate State Funds -- purely outside of the TANF program, and these funds cannot be counted toward a state's MOE requirement.

A client group that the committee believes unlikely to meet the 90 percent WPR and therefore should be funded by SSFs are two-parent families. If this group does not meet the 90 percent WPR, it will actually decrease the rate the state is meeting since they would be in the denominator of the calculation. To achieve a 90 percent rate over the next year is unrealistic. Two-parent families are not automatically exempt from the JFES program and are time-limited, unless meeting criteria that allows for exemption. Therefore, these parents would still be required to participate in JFES activities; they just would be funded differently. The state would need to amend statutory language to allow the department to operate the TFA program outside of the TANF program. **The program review committee recommends:**

Two-parent families enrolled in the Jobs First program should be funded with Separate State Funds.

Amend Section 17b-112(a) to allow portions of the Temporary Family Assistance program to operate outside the Temporary Assistance for Needy Families program.

Exempt status for women with children under age one. Both federal and state law allows a single custodial parent of a child under age one to be exempt from the work participation rates for a maximum of 12 months. State law does not allow the exemption if the child was born within 10 months of the family's enrollment (i.e., a cap child). The committee believes that a one-year exemption from participation in JFES activities is detrimental to a family because it does not prepare a single parent in any way for work and once the child turns one year old, the client's exempt status ends and becomes time-limited. By requiring a parent to participate in education and/or other work activities on a part-time basis when a child is six-months old eases the parent back into the workforce. (Single parents with children under age six are required to work 20 hours per week to count towards the WPR.) Furthermore, as discussed in Section Four, education is key to a successful employment outcome. **Therefore, the program review committee recommends**:

> **C.G.S. Sec. 17b-112(b)(4) be amended to limit the exemption for a single custodial parent caring for a child who is under six months of age rather than one year old.**

Eliminating financial cliffs. As noted previously, Jobs First clients can earn up to the FPL during their 21-months on TFA and not have their TFA benefit eliminated. This policy rewards working clients and creates a major incentive for clients to find and sustain employment. Once a client's income exceeds the FPL ($16,600 for a family of three versus TFA cash payment of $6,516), the family is no longer eligible for TFA. This policy creates a major cliff for more successful clients who find their income greatly reduced.

The program review committee believes that TFA payments should be reduced over a six-month period to allow the client to adjust to the benefit reduction. Therefore, the committee recommends:

> **C.G.S. Sec. 17b-112(d) shall be amended so that a TFA client who earns at or above the FPL during the initial 21-months of TFA eligibility shall have his or her TFA benefit reduced by one-third for three months and an additional one-third for the next three months before becoming ineligible for TFA.**
>
> **C.G.S. Sec. 17b-112(c) be amended so that the state's maximum 60-month time limit shall be suspended so these benefits do not count toward the state time limit.**

If the benefits were provided as either a "Segregated TANF MOE" or "Separate State Program" (claimed as MOE) the federal 60-month TANF counter does not increment. The state 60-month counter is a creation of state law and the General Assembly could amend the statute to not count these benefits toward the state limit.

Eligibility for TFA extensions. Time limits are the most fundamental change embodied in welfare reform. Connecticut's lifetime limit of 21 months of TFA for non-exempt families is the shortest in the nation. No other New England state has a lifetime limit under the federal limit of 60 months although Massachusetts does limit its nonexempt recipients to 24 months out of a 60 month period, and 11 other states have similar policies that allow for the full 60 months of lifetime eligibility while allowing for shorter periods within a specific time frame.

Connecticut uses two separate monetary thresholds to determine eligibility for TFA benefits. One is used to determine initial eligibility for benefits while a separate measure is applied for granting non-exempt clients extensions after they have reached the 21-month time limit. As shown in Table VII-2, to be initially eligible for TFA, income must be below the SoN (as well as meet asset limits and cooperate with child support enforcement). Once eligibility is established, earned income up to the FPL is disregarded and eligibility continues until a re-determination is conducted at 12 months and at 20 months.

A client must apply for a TFA extension during the exit interview, which is held in the DSS office during the 20th month of TFA and, should an extension be granted, occur again at the 5th month of each additional extension and at the 58th month. Extensions may be granted up to the 60-month federal lifetime limit, although more than two extensions are rare. There were 1,438 clients in their first or second extension as of June 30, 2006 and an additional 138 had three or more extensions.

Table VII-2. Measures used in Determining Eligibility for TFA and Calculating Payment Level for Family of Three Region B		
TFA Eligibility	***How Used***	***Monthly Amount***
Initial Eligibility	If income is at or above SoN, application denied	$745
Up to 21 months	Income disregarded up to the FPL	$1,383
Extension	Ineligible if income exceeds Payment Standard	$543

Table VII-3 shows that TFA recipients would need more than 6 extensions to time-out under the federal 60-month time limit. The number of clients eligible for more than two extensions is small because they must meet stricter criteria: having two or more substantiated barriers to employment; working full-time and not earning at least the Payment Standard; or not being able to work full-time because of a medical impairment or because of care-giving responsibilities for a disabled household member.

Table VII-3. Connecticut 21-Month Time Limit v. Federal 60-Month Limit.	
Time limit	***21 months***
1 extension	27 months
2 extensions	33 months
3 extensions	39 months
4 extensions	45 months
5 extensions	51 months
6 extensions	58 months

In order for a first or second extension to be granted to a client, he or she cannot have gross earnings over the Payment Standard. Thus, clients with earnings above the Payment Standard face a substantial financial cliff at the 21-month time limit because up to this point DSS has disregarded all of a client's earnings up to the FPL. At the 20-month redetermination meeting, however, the client's income is compared to the very low Payment Standard to determine if the client should receive an extension. This creates a fairly large disincentive for a client to stay employed.

For example, if a family of three in Hartford receives $543 per month as a TFA benefit and the mother works 30 hours per week at minimum wage, her weekly pay check is $222 and her annual income is $11,554. Because the income earned is below the FPL, she is able to keep her TFA benefit of $6,516 until her eligibility is redetermined at 20 months. Her total cash income during this time is $18,070. At the 20-month eligibility redetermination, her $11,554 income from her job is compared to the Payment Standard of $6,516 and she loses eligibility for TFA, about one-third of her yearly cash income. Now she is $5,046 below the FPL of $16,600.

The committee finds having differing monetary thresholds for initial and continued eligible for TFA creates a disincentive to work and financial hardship. First, Connecticut has the shortest time-limits in the country, although it has the highest earned income disregard in New England and among the highest in the nation. Second, allowing families to earn up to the FPL during their 21-month eligibility period and only up to the Payment Standard after, results in many families automatically become worse off (unless their income is at or above the FPL) and still very poor. Third, the gap between the Payment Standard and the FPL is substantial, especially given that the Payment Standard has not been increased since 1991, even after inflation. Finally, rather than moving a family closer to financial security, it moves the family deeper into poverty by creating a major financial cliff between months 21 and 22.

The program review committee believes that the TFA benefit needs to be gradually phased-out rather than completely terminated when a family reaches its 21-month time limit and the monthly income exceeds the Payment Standard. This would allow the family to gradually reduce its reliance on cash assistance and, hopefully, time to increase the hourly wages in the private sector. Furthermore, phasing out the TFA benefit avoids abrupt cliffs so that by the time the family does lose eligibility for the benefit, the loss would be smaller. Furthermore, by keeping successful working families on TFA longer, even at a reduced benefit level, will help the state increase its WPR. **Therefore, the committee recommends:**

The Department of Social Services shall determine if a client should be granted an extension of Temporary Family Assistance using the Standard of Need as the financial measure. If a client is eligible for a second or subsequent extension and does not earn at or above the Standard of Need, the client shall receive the full TFA benefit.

If a non-exempt family's gross income is below the Federal Poverty Level at the 21-month time limit but above the Standard of Need, the family shall be eligible for two income supplements for three-months each. The income supplements shall be a continuation of TFA but at reduced levels. The first supplement shall result in a benefit reduction of one-third of the benefit. If a family receives a second income supplement because income is still below the Federal Poverty Level, the benefit shall be reduced by an additional third.

C.G.S. Sec. 17b-112(c) be amended so that the state's maximum 60-month time limit shall be suspended so these benefits do not count toward the state time limit.

Almost all states have increased rewards for recipients who work, effectively raising the amount of earnings a recipient may keep before she becomes ineligible for cash assistance. More generous earnings disregards also have been seen as part of strategies to help "make work pay," as continued cash welfare benefits supplement the earnings of low-wage earners. From the state's perspective, the more generous earnings disregards also have a practical consequence: they help states meet TANF work participation standards and reduce disincentives to work.

Increase child support disregard. Under the pre-DRA child support rules (which will be in effect until 2008 and 2009), families that apply for assistance in a TANF-funded program must sign child support rights over to the state for child support that is due during the assistance period and to collect past-due child support previously owed to the family. State and federal governments keep collected support as reimbursement for the cost of providing TANF cash assistance to families. Even after families stop receiving assistance, states keep the child support that is collected through the federal income tax offset procedure.

Federal and state governments have withheld about $2 billion per year in child support to repay TANF cash assistance costs with over half of it kept by states on behalf of families who no longer receive TANF cash assistance. Nearly all of this is collected through the federal tax offset procedure.[10]

The DRA made three important changes intended to increase the amount of child support paid to current and former TANF families. These include:

- ***New limitation on assignment*** - States may no longer require families to sign over their rights to past-due child support payments that are accrued before they applied for TANF assistance. States must implement this change by October 1, 2009, but can implement it a year earlier.

- ***Waiver of the federal share of child support if the support is passed through and disregarded*** – under the pre-DRA rules, states have the option to pass through support to families receiving cash assistance in a TANF-funded program. They also may set their own TANF disregard policies – they can disregard the entire amount, a portion of it, or count all of the money against TANF eligibility, benefit levels, or both. However states that adopt pass-through and disregard policies must continue to send the federal government its share of the collections.

  Under the new law, if a state passes through and disregards some or all child support payments, the federal government will waive its share of collections up to $100 per month passed through for one child and $200 per month for two or more children. This provision is effective October 1, 2008.

  Connecticut currently has an income disregard for child support of $50. The retained support is shared with the federal government according to the state's Medicaid federal matching rate (50 percent in Connecticut).

[10] Center for Law and Social Policy. Policy Brief: More Child Support to Kids: Using New State Flexibility in Child Support Pass-Through and Distribution Rules to Benefit Government and Families, July 2006.

- ***A new option to distribute more support to former TANF families*** - Under the pre-DRA rules, states are required to keep child support collected on behalf of former TANF recipients through the federal tax offset procedure. Under the DRA, states are permitted to direct all child support collected through this procedure to those families first. If a state elects this option, the federal government would waive its share of those collections, with no limits. This provision is effective October 1, 2007.

States have greater flexibility under DRA to pass through more child support dollars to children who currently receive or formerly received welfare. Child support is an important income supplement for working families and research has shown that changes to pass-through and distribution policies can improve child support compliance**.** Furthermore, by disregarding more income, the level of earnings that a family needs to become ineligible for assistance increases, which lead to a higher WPR. **The ogram review committee recommends:**

> **Amend C.G.S. Sec. 17b-112(d)(3)(c) to increase the child support income disregard for the TFA program from $50 to $100.**

Engage families in work activities more quickly. *The program review committee staff found that work participation is typically low during the initial months of JFES enrollment and during periods between JFES work activities.* Since these clients are in the denominator of the WPR, it is important to link them to job activities as quickly as possible. In order to accomplish this, clients must be connected to other supportive services, such as transportation assistance and the Care 4 Kids program, so that they can engage in activities and enter the workforce.

As noted in Section Six, the single most important working support for low-income families is child care. In discussions with advocates and representatives of the Care 4 Kids program, the committee found that some JFES case managers assist clients with completing Care 4 Kids application, while others do not. Obtaining child care is a key element in being able to begin work. The committee believes this should be standardized practice across regions in order to expedite enrollment in the Care 4 Kids program. **Therefore, the committee recommends:**

> **Jobs First Employment Services case managers should review a client's Care 4 Kids application before the client submits it to the Care 4 Kids program in order to ensure it has been completed correctly and the proper documentation has been included with the application.**

Fully engaging families already involved in work activities. An examination of the state's work participation data shows that many JFES recipients are engaged in work activities but not for the required number of hours to count toward the work participation rate. Because these recipients already have demonstrated success in participating in work and may also have child care in place, the state should focus on bringing participation up to 30 hours per week for single parents and 35 hours for two-parent families. Additionally, states have more activities to choose from after 20 hours of participation, including education and job-skills directly related to employment.

Using sanctions to reduce noncompliance. The TFA program currently uses an incremental approach to imposing sanctions for non-compliance with JFES program requirements. The first incidence of non-compliance within the first 21 months of assistance results in a 25 percent reduction in benefits, the second results in a 35 percent reduction, and the third or subsequent incidence results in discontinuance of all benefits. All sanctions are imposed for a three-month period. Sanctions imposed after the 21-month time limit has expired result in permanent removal from the program.

Sanctions send a strong message to TANF recipients and establish real consequences for parents who do not comply with program requirements. Sanctioning clients have the potential to increase program participation. *Although Connecticut does have a strict sanction policy established in law, the program review committee found it is not being applied uniformly. Sanction rates vary by office and the overall rate is low compared to other states.* If sanctions are in policy only, but not being applied or uniformly enforced, this lowers the intended effect. **Therefore, the program review committee recommends:**

> **The Department of Social Services should examine its sanction policy to identify issues with regard to inconsistent and/or low enforcement.**

The sanction process includes a conciliation process prior to the imposition of a sanction during which the JFES participant has the opportunity to document that he or she had good cause for failing to cooperate. The current process allows for this process to last up to 30 days during which time the participant is typically not participating in activities. This period of conciliation should be shortened to reduce the amount of time the participant is not engaged in activities. This requires a regulatory change although it could be mandated in statute.

Section VIII

Verifying JFES Client Participation in Scheduled Activities

The Deficit Reduction Act of 2005 (DRA) and related interim regulations require states to develop a process that will track and validate JFES client participation in "countable" work activities. Comments were accepted by HHS on the interim regulations until August 28, 2006. In her comments to HHS, the deputy commissioner of DSS wrote:

> *these rules will require a significant investment of program resources in activities and systems to measure the number of actual hours of participation… Your requirements will hinder state efforts to move TANF recipients into employment by diverting scarce agency and provider resources to bureaucratic paperwork activities in order to document hours of participation consistent with the requirement… Staff and financial resources diverted for this purpose will not be available for program activities that help move those we serve towards self-sufficiency…*[11]

The deputy commissioner, in her response, also noted the unreasonableness of the 90 percent two-parent work participation rate, as discussed in the previous section, and supported its repeal.

The interim regulations required states to submit interim work verification plans by September 29, 2006, or be subject to a financial penalty of 5 percent of a state's TANF block grant. Connecticut submitted its interim plan on September 28, 2006 and it became effective October 1, 2006. A complete plan must be approved by HHS by September 30, 2007.

Plan content. The plan format was prescribed by HHS and consists of several sections. The contents focus on making states give detailed definitions of each work activity and explanations on how they will ensure clients are actually participating in scheduled activities for the required number of hours. States were required to address the following items in their Work Verification Plans:

- For each of the 12 "countable work" activities:
  - definition and description of services;
  - description of how the number of "countable" hours are determined;
  - description of how actual hours of participation are verified;
  - description of methods of daily supervision for each unpaid work activity;
  - for most of the 12 activities, special documentation was also required. (For example, for vocational education activities,

[11] Letter from Deputy Commissioner Claudette J. Beaulieu to The Honorable Wade F. Horn, Ph.D., Assistant Secretary for Children and Families, DHHS re: Comments on interim final TANF rule. August 25, 2006.

DSS had to describe how the state will ensure participation in vocational skills training does not count beyond the 12-month lifetime per individual limitations);
    - definition of excused absences (only 2 days per month allowed – any part of day counted as 1 full day; 10 per year for those in in activities other than paid employment) -- and holidays and how applied to each activity;
- definition of "Work-Eligible Individual";
- description of internal controls; and
- description of verification of other data uses in calculating the work participation rates.

The Department of Labor will implement the plan in three phases over the next nine months. Figure VIII-I shows a timeline identifying the steps that will be completed by the beginning of each phase.

Types of activities that count toward WPR calculation. As described in the staff briefing, federal law outlines 12 categories of work activities that count in calculating a state's WPR (Table VIII-I). These are further subdivided into two types -- core and non-core activities. As the table shows, two of the core activities are limited for WPR purposes while those in the non-core category all have time restrictions imposed. Hours spent in non-core activities do not count toward the WPR unless 20 hours are also spent in other countable core activities, or the client is under 20 years old.

It is important to note that Job Search and Job Readiness is the only activity that allows job search, substance abuse treatment, mental health, and rehabilitative services to be counted. In addition, as the table indicates, participation in this activity is limited to a 6-week annual time limit and no more than 4 consecutive weeks. Furthermore, the regulations state that a week is a period of seven consecutive days, and that even if a client only participates in the activity for one hour, it is counted as a full week. Finally, participation in this activity requires daily supervision of the client.

Currently very few clients are identified with mental health or substance abuse as barriers to employment. Based on the client sample described in Sections Two through Four, only 1 percent of clients were identified with these barriers, even though in the general population that rate is much higher. Therefore, the program review committee concludes that these barriers are not being identified and addressed.

Federal monitoring with plan compliance. The federal government will monitor implementation of states' compliance with their verification plans through the Single State Audit. Auditors will sample case files to see if a work verification plan was followed, including if a client file contains required documentation. If errors are identified, HHS will be notified to determine whether or not penalties should be imposed.

Table VIII-I. Allowable Categories of Federal Work Activities and Federal Limitations On Counting Time in Those Activities when Calculating a State's WPR.	
Activity	***WPR Limitation***
Core Activities	
Unsubsidized Employment	None
Subsidized Private Sector Employment	None
Subsidized Public Sector Employment	None
Work Experience	None
On-the Job Training	None
Job Search and Job Readiness Assistance	6-week annual time limit no more than 4 weeks consecutively
Community Service Programs	None
Caring for Child of Community Service Participation	None
Vocational Education Training	12-month total time limit per client; no more than 30 percent of those clients counted in a states work participation
Non-Core Activities	
Job Skills Training directly related to employment	Counts only after accumulating 20 hours in core activity
Education directly related to work	Counts only after accumulating 20 hours in a core activity (except if under 20 years old)
Satisfactory attendance at high school or equivalent	Counts only after accumulating 20 hours in a core activity (except if under 20 years old, then considered part of core activity
Source: GAO-05-821 Welfare Reform, p. 8.	

Improving data collection. Although many of the work verification requirements seem excessively rigorous, one positive outcome will be improving data collection procedures and program monitoring. Accurate data collection is very important since undercounting the number of recipients enrolled in work activities could have serious monetary consequences for Connecticut. Furthermore, a review of participation data also will allow DOL to identify successful and unsuccessful programs (such as activities with high drop-out rates). Although greater accuracy in reporting hours of work is desirable, it likely will increase state administrative and information systems costs and will impose an additional time and financial burden on employers, training providers, and caseworkers.

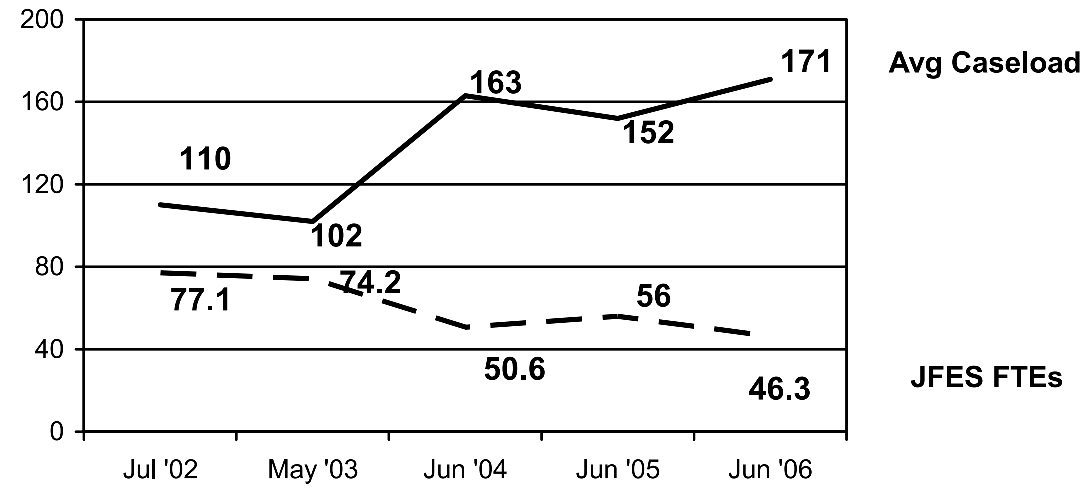
JFES Case Manager Resources

JFES caseloads. In addition to the assessment and employment plans, the core functions of the JFES case manager also include arranging for client services and monitoring and documenting each participant's progress. Under DRA, case managers will need to contact JFES clients more frequently depending on the type of work activity the client is participating in (by contract, client contact had to occur every other month). The contact may occur by telephone or in a face-to-face meeting.

The program review committee finds that JFES case manager to client ratios are too high given the fact that the case managers will be responsible for doubling the number of JFES clients engaged in countable work activities, as well as having the additional administrative burden of verifying client participation in those activities.

While the number of JFES time-limited cases has continued to decrease over the past five years, Figure VIII-I shows that the number of JFES full-time equivalent case managers decreased at a relatively greater rate, leading to significantly larger size caseloads. According to DOL's contracts with each of the WIBs, JFES case managers were required to have monthly contact, but after the staff cutbacks in 2003, the minimum required contact became every other month. One WIB estimated that there has been steady turnover in caseloads, with 10 percent of cases in any given month opening, and 10 percent closing. A time-limited client is assigned to a JFES case manager for as long as the client is receiving TFA cash assistance.

Figure VIII-I. Caseload Sizes Increased As Staffing Numbers Decreased



Source: CT DOL Welfare-To-Work Manager

Frequency of client supervision. Many changes began October 1, 2006, when DRA was required to be implemented. Table VIII-2 shows that the required frequency of case manager contact depends on the types of work activity overseen. The law distinguishes between clients who are in paid employment (unsubsidized or subsidized) or those that are not employed. As shown in the table, activities that involve "employment" require a lower level of supervision than those that are geared toward preparing people for a job. Job search/job readiness activities, for example, will require daily contact with a case manager. Given this closer monitoring of activities, there are major implications for caseload sizes.

Table VIII-2. New DRA Required Frequency of Verification of Specific Work Activities	
Core Activities	**Verification Frequency**
Unsubsidized employment	Projected up to six months (based on actual hours)
Subsidized employment	Projected up to six months (based on actual hours)
Work experience	Every two weeks
On The Job Training	Projected up to six months (based on actual hours)
Job search/job readiness	Daily
Community Service	Every two weeks
Vocational education	Every two weeks
Child care for community service	Every two weeks
Non-Core Activities	
Job Skills Training	Every two weeks
Education related to employment	Every two weeks
Secondary school attendance	Every two weeks
Source: Federal Register of June 29, 2006	

The program review committee found that there needs to be more frequent verification of employment since the majority of clients are not working for a six-month period, but projections are made based on six-month periods. This is important because clients need to be re-engaged in other activities if they lose or quit their jobs and the 21-month time-limits are approaching. One way that hours could be verified is by having employees' mail copies of pay stubs to case managers for documentation in the case file. **Therefore, the program review committee recommends:**

JFES case managers verify client employment on a monthly basis by having clients provide copies of pay stubs.

In addition to the challenge of doubling the number of JFES participants engaged in 30 hours of work activities per week, additional work verification requirements became effective on October 1, 2006. The new work verification requirements mandate a significant increase in tracking and reporting actual hours of daily participation for every activity of every participant. The penalty for failure to establish or comply with verification procedures ranges from 1 percent to 5 percent of a state's TANF block grant depending on the severity of failure.

Depending on the WIB region, subcontracted JFES case managers' individual caseloads, range from an average of 125 to 175 per case manager. *The committee finds in order to more effectively meet the new verification requirements, as well as engage 128 percent more clients in countable activities, additional case management resources are needed.* Caseload ratios could be brought down to July 2002 levels when average caseload size was 110 clients per case manager. The program review committee estimates $1.4 million ($45,000 x 32 new case managers) would be needed to lower caseloads to that level. According to DOL, that is the starting salary of a case manager. The committee calculated this as follows:

- Estimated total caseload = 9,000/110

- Recommended caseload size per manager = 110
- Total number of case managers needed = 82 (9,000/110)
- Estimated increase in case managers = 32

Additional Monitoring of WIB Performance

Responsibility for the JFES was transferred from DSS to DOL in 1997 (and was then called the Jobs program). The Department of Social Services was mandated under P.A. 95-194 to collect data from each job training and placement service funded by DSS and serving TFA recipients for the purpose of assessing the success of job placement services in assisting a recipient of either such program to attain self-sufficiency. The data required to be collected included, but was not limited to:

- the number of clients served;
- the number of clients placed in jobs;
- types of job training received by recipients and if such training led to employment;
- cost-effectiveness of job training;
- types of jobs obtained by recipients;
- salary and benefits of those jobs obtained; and
- length of time those jobs were held.

This statutory requirement still exists, although DSS is not collecting or evaluating such information. The committee believes that this responsibility should have been transferred to DOL when the Jobs program (later renamed JFES) was moved from DSS to DOL in 1997. Therefore the committee recommends:

Sec. 17b-698 be amended to transfer the responsibility of evaluating job training programs funded by the Department of Labor from the commissioner of the Department of Social Services to the commissioner of the Department of Labor.

With additional resources provided for case managers, the committee believes that the performance of each WIB needs to be more closely assessed by DOL in terms of fulfilling the performance measures in its contract and obtaining successful employment outcomes for clients. In addition, an in-house resource, the Wage Database, is rarely used to obtain meaningful information about the work experience of JFES clients. Currently, the program review committee finds that no routine comparisons are performed by DOL across WIBs**. To remedy this, the committee recommends:**

Access to the earned wage database reported by employers to the Department of Labor shall be provided to the Workforce Investment Boards so that they are able to provide outcome information as required by law.

As noted in the staff briefing, program review committee staff examined several reports that provided data on JFES employment, retention, and wages, and identified several discrepancies among the data depending on the entity reporting it. The committee found the definitions to measure certain outcomes vary by reporting entity. Of particular concern to the committee is how "employment" is measured.

For example, the Connecticut Employment Training Council (CETC), the statewide workforce board, defines the percent of JFES clients who "entered employment" by looking at the number of program completers for whom there is evidence of wages earned in Connecticut in the first quarter following program completion. The Department of Labor, on the other hand, measures employment as the number of JFES participants who entered employment during the program fiscal year. The program review committee found that benchmarks being used by the state to examine JFES client employment includes JFES clients who have even $1 of earnings in a quarter as employed. This would increase success rates and not give an accurate picture of what is really occurring. Therefore, the committee recommends:

> **The Department of Labor should develop a reasonable definition of employment that will fairly measure the number of JFES clients employed in a given wage quarter and whether they have retained employment in subsequent quarters. The definition should include the length of time a client must be working to be considered employed and the amount of wages a client must have earned in a particular quarter.**

Appendix A

Study Sample Compared with Connecticut TFA Population

The Study Sample Is Representative of the Connecticut TFA Population		
Characteristic	***Study Sample***	***Connecticut TFA Population***
DSS Region[1]		
Northern	42%	39%
Southern	29%	32%
Western	29%	29%
WIB Region[2]		
Eastern	13%	9%
North Central	37%	38%
Northwest	16%	15%
South Central	18%	22%
Southwest	16%	16%
Gender[2]		
Female	88%	88%
Male	12%	12%
Race/Ethnicity[2]		
Hispanic	40%	39%
Caucasian	32%	29%
African-American	27%	31%
Asian	1%	1%
Native American	<1%	0%
Age[2]		
16-18	6%	1%
19-21	15%	17%
22-29	38%	43%
30-39	27%	25%
40-49	12%	12%
50-59	1%	2%
60+	<1%	<1%

Source:
[1]DSS report: TFA Caseload Profile by Office, by Month, for SFY 2004
[2]CTDOL report: At-A-Squint June 2004

Appendix B

Comparison of Families in Urban, Suburban and Rural Areas

Demographic Differences Across the Urban, Suburban and Rural Areas			
Characteristic	**Area**		
	Urban (n=805)	***Suburban (n=402)***	***Rural (n=68)***
Average Age	28 years old	29 years old	31 years old
High School Diploma	54%	61%	75%
Head of Household Ever Married	25%	31%	46%
Race/Ethnicity			
Latino	48%	30%	9%
African American	34%	17%	1%
Caucasian	17%	51%	90%
Other	1%	2%	0%
Total	100%	100%	100%
Percents may not total to 100 percent due to rounding. Source: DSS			

Appendix C

Connecticut TFA Recipients that Received TANF in Another State

CT Recipients and TANF Received in Other States	
State	***Number of CT TFA Recipients***[1]
New York	15
North Carolina	7
Florida	6
Puerto Rico	6
Massachusetts	5
Pennsylvania	5
Rhode Island	5
Virginia	4
Georgia	3
One each from Colorado, Maine, Missouri, Ohio, South Carolina, Washington	6
[1]Two clients had received TANF in two other states. Source: Department of Social Services	

Appendix D

Time When Sample Clients First Began Receiving Time-Limited Cash Assistance

Year When 748 Clients First Began Receiving Cash Assistance as a Time-Limited Recipient		
Year	***Number***	***Percent of 748***
1996	169	23%
1997	106	14%
1998	72	10%
1999	68	9%
2000	85	11%
2001	106	14%
2002	93	12%
Jan-Jun 2003	49	7%
Total	748	100%
Source: Department of Social Services		

Time on TFA Prior to October 2003 Opening and by August 2006[1]		
Household Status	Prior to Oct 03 opening	August 2006[2]
Total		
No time	23%	4%
1-21 months	54%	43%
22-27 months	11%	20%
28-33 months	5%	15%
Over 33 months	7%	19%
Time-Limited in October 2003 (n=837)		
No time	17%	0%
1-21 months	63%	44%
22-27 months	13%	21%
28-33 months	4%	16%
Over 33 months	3%	18%
Exempt on October 2003 (n=334)		
No time	37%	12%
1-21 months	33%	41%
22-27 months	7%	16%
28-33 months	7%	12%
Over 33 months	16%	20%

[1]Although TFA eligibility was determined in October 2003, the state TFA counter could have been changed retroactive to the application month.

[2]New and returning TFA families, regardless of whether they closed by August 2006.

Source: DSS

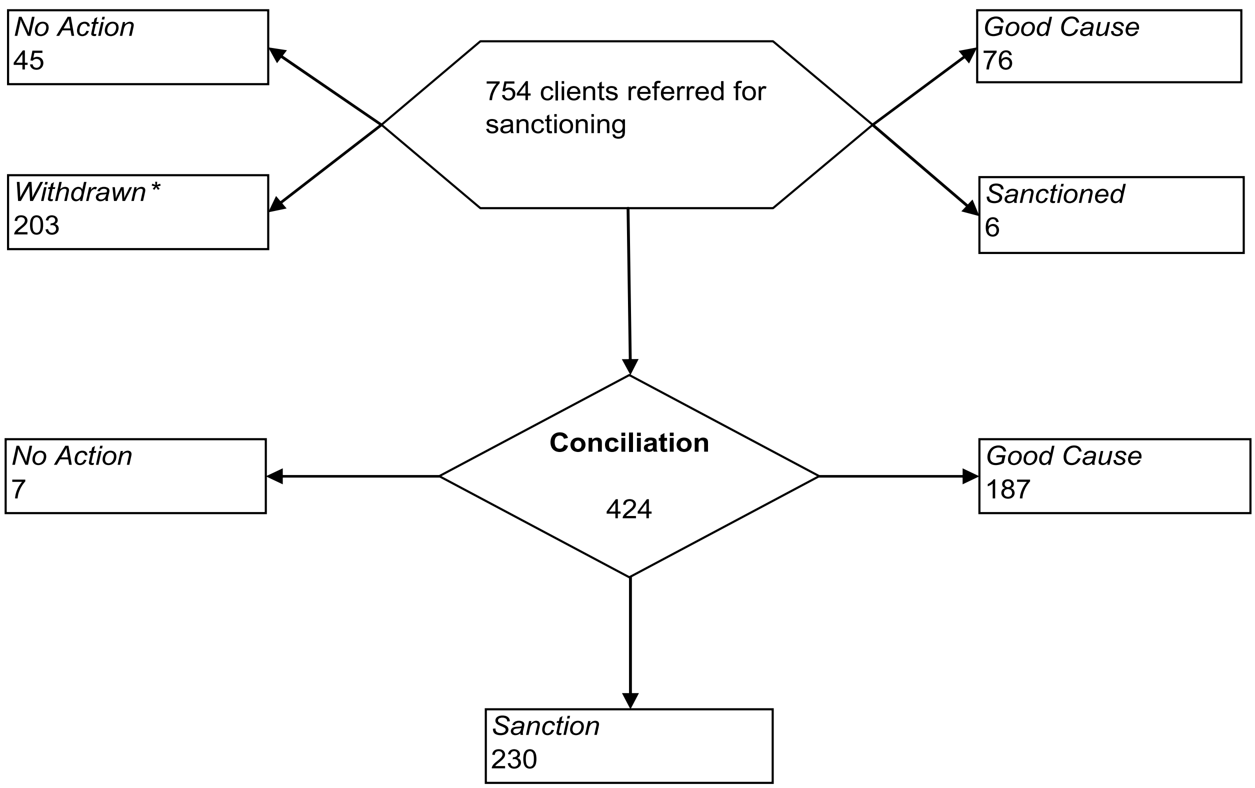
Appendix E

Number of Extensions for Time-Limited and Exempt Families

Number of Extensions for Time-Limited and Exempt Families With that Status on October 2003			
No. of Extensions	***Time-Limited (n=837)***	***Exempt (n=334)***	***Total (n=1,171)***
No extensions	410 (49%)	216 (65%)	626 (54%)
1 extension	135 (16%)	48 (14%)	183 (16%)
2 extensions	144 (17%)	23 (7%)	167 (14%)
3 extensions	116 (14%)	21 (6%)	137 (12%)
4 extensions	19 (2%)	13 (4%)	32 (3%)
5 extensions	6 (1%)	7 (2%)	13 (1%)
6 extensions	6 (1%)	2 (1%)	8 (1%)
7 extensions	0 (0%)	4 (1%)	4 (<1%)
8 extensions	0 (0%)	0 (0%)	0 (0%)
9 extensions	1 (<1%)	0 (0%)	1 (<1%)
Source: EMS			

Appendix F

Sanctioning Process



* Withdrawn by provider, JFES case manager, or due to case closure.

Appendix G

Reason for JFES Exemption and Differentiating Characteristics

Reason for JFES Exemption and Differentiating Characteristics	
Reason	***Characteristics***
Caring for a child under one year of age (n=142)	• More likely to close time-limited (60 percent) • Younger (57 percent are 16-24 years old) • Never been married (85 percent)
Eligibility worker determined adult is temporarily incapacitated (n=84)	• Older (53 percent are 31 years old or older) • More common in DSS Southern Region (40 percent occur in this region) • No child under one (90 percent)
Medical Review Team approved longer term medical incapacitation (n=22)	• Older (58 percent are 31 years old or older) • Currently or previously married (50 percent) • No child under one (100 percent)
Pregnant/post-partum and ill (n=19)	• Younger (58 percent are 16-24 years old) • Like to leave TFA employed and earning above FPL (62 percent)
Source: Department of Social Services	

Appendix H

Demographic Differences Across the Three DSS Regions

Demographic Differences Across the Three DSS Regions			
Characteristic	***Region***		
	Northern (n=536)	**Southern** (n=368)	**Western** (n=374)
Race/Ethnicity			
Latino	49%	31%	38%
African American	22%	30%	34%
Caucasian	28%	38%	28%
Other	1%	1%	1%
Population Density			
Urban	57%	52%	83%
Suburban	35%	43%	16%
Rural	8%	5%	2%
Percents may not total to 100 percent due to rounding. Source: DSS			

Appendix I Department of Social Services Town Codes by Region and Office (as of 6/22/04)

NORTHERN

HARTFORD - 10

- 4 Avon
- 11 Bloomfield
- 23 Canton
- 40 East Granby
- 52 Farmington
- 56 Granby
- 64 Hartford
- 94 Newington
- 119 Rocky Hill
- 128 Simsbury
- 139 Suffield
- 155 West Hartford
- 159 Wethersfield
- 164 Windsor
- 165 Windsor Locks

NEW BRITAIN - 52 SUB-OFFICE

- 7 Berlin
- 17 Bristol
- 20 Burlington
- 89 New Britain
- 110 Plainville
- 111 Plymouth
- 131 Southington

MANCHESTER - 11 SUB-OFFICE

- 1 Andover
- 12 Bolton
- 43 East Hartford
- 47 East Windsor
- 48 Ellington
- 49 Enfield
- 54 Glastonbury
- 67 Hebron
- 77 Manchester
- 79 Marlborough
- 129 Somers
- 132 South Windsor
- 134 Stafford
- 142 Tolland
- 146 Vernon

WILLIMANTIC – 42 SUB-OFFICE

- 3 Ashford
- 19 Brooklyn
- 22 Canterbury
- 24 Chaplin
- 30 Columbia
- 32 Coventry
- 39 Eastford
- 63 Hampton
- 69 Killingly
- 78 Mansfield
- 109 Plainfield
- 112 Pomfret
- 116 Putnam
- 123 Scotland
- 136 Sterling
- 141 Thompson
- 145 Union
- 160 Willington
- 163 Windham
- 169 Woodstock

SOUTHERN

NEW HAVEN - 20

- 2 Ansonia
- 8 Bethany
- 14 Branford
- 37 Derby
- 44 East Haven
- 62 Hamden
- 84 Milford
- 93 New Haven
- 99 North Branford
- 10 1 North Haven
- 107 Orange
- 124 Seymour
- 126 Shelton
- 148 Wallingford
- 156 West Haven
- 167 Woodbridge

MIDDLETOWN - 50

- 26 Chester
- 27 Clinton
- 33 Cromwell
- 36 Deep River
- 38 Durham
- 41 East Haddam
- 42 East Hampton
- 50 Essex
- 60 Guilford
- 61 Haddam
- 70 Killingworth
- 75 Lyme
- 76 Madison
- 80 Meriden
- 82 Middlefield
- 83 Middletown
- 105 Old Lyme
- 106 Old Saybrook
- 113 Portland
- 154 Westbrook

NORWICH - 40

- 13 Bozrah
- 28 Colchester
- 45 East Lyme
- 53 Franklin
- 58 Griswold
- 59 Groton
- 71 Lebanon
- 72 Ledyard
- 73 Lisbon
- 86 Montville
- 95 New London
- 102 North Stonington
- 104 Norwich
- 114 Preston
- 121 Salem
- 133 Sprague
- 137 Stonington
- 147 Voluntown
- 152 Waterford

WESTERN

BRIDGEPORT - 30

- 15 Bridgeport
- 46 Easton
- 51 Fairfield
- 85 Monroe
- 103 Norwalk
- 138 Stratford
- 144 Trumbull
- 157 Weston
- 158 Westport

DANBURY - 31 SUB-OFFICE

- 9 Bethel
- 16 Bridgewater
- 18 Brookfield
- 34 Danbury
- 91 New Fairfield
- 96 New Milford
- 97 Newtown
- 117 Redding
- 118 Ridgefield
- 127 Sherman

STAMFORD - 32 SUB-OFFICE

- 35 Darien
- 57 Greenwich
- 90 New Canaan
- 135 Stamford
- 161 Wilton

WATERBURY - 60

- 6 Beacon Falls
- 25 Cheshire
- 81 Middlebury
- 88 Naugatuck
- 108 Oxford
- 115 Prospect
- 130 Southbury
- 151 Waterbury
- 153 Watertown
- 166 Wolcott

TORRINGTON - 62 SUB-OFFICE5

- Barkhamsted
- 10 Bethlehem
- 21 Canaan
- 29 Colebrook
- 31 Cornwall
- 55 Goshen
- 65 Hartland
- 66 Harwinton
- 68 Kent
- 74 Litchfield
- 87 Morris
- 92 New Hartford
- 98 Norfolk
- 100 North Canaan
- 120 Roxbury
- 122 Salisbury
- 125 Sharon
- 140 Thomaston
- 143 Torrington
- 149 Warren
- 150 Washington
- 162 Winchester
- 168 Woodbury

Appendix J

Demographic Differences Across WIB Regions

Demographic Differences Across the Five WIB Regions					
Characteristic	*Region*				
	Eastern (n=159)	**North Central (n=464)**	**Northwest (n=184)**	**South Central (n=246)**	**Southwest (n=222)**
High School Diploma	65%	54%	50%	58%	62%
Race/Ethnicity					
Latino	28%	51%	41%	37%	31%
African American	11%	24%	20%	34%	42%
Caucasian	60%	24%	37%	28%	27%
Other	1%	1%	2%	1%	<1%
Population Density					
Urban	17%	65%	77%	64%	81%
Suburban	53%	33%	20%	34%	19%
Rural	30%	2%	3%	2%	<1%
Percents may not total to 100 percent due to rounding. Source: DSS					

Appendix K

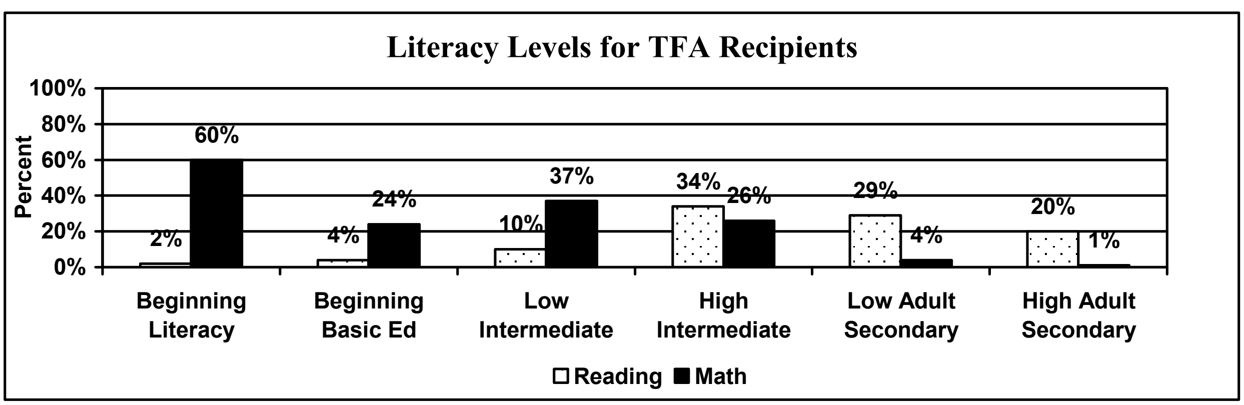
Additional Information About Barriers to Employment

Child care needs. Of the 891 families for which there was information, 504 (57 percent) reported that they did not have child care arrangements, and 362 of these families (72 percent of the 504 families) responded affirmatively when asked if they needed help arranging childcare. Two-thirds of the 863 families (590 families) for which there was information reported that they do not have a backup in the event that their provider is not available. Approximately half (54 percent) of families who reported having child care have a backup in the event that their provider is unavailable.

Transportation needs. The majority of families (858 out of 984 families for which there was information) reported having access to transportation (87 percent). About half (51 percent) of the 990 respondents for which this information is known, said they had a valid drivers license. Access to transportation may not have been identified at the time that a transportation barrier to employment was listed on the service needs assessment.

Support in the household. Of the 933 families for which there is information, 68 percent report that they do not share their household with others who can help while they participate in employment activities (635 respondents). In looking at responses for the 163 families reporting two or more adults in the household at the time of the Service Needs Assessment, only 34 percent reported that there was no one to help while they participated in JFES. Overall, persons identified to help while they participate in employment activities most often included a parent (36 percent), boyfriend/girlfriend (17 percent), or a spouse (14 percent).

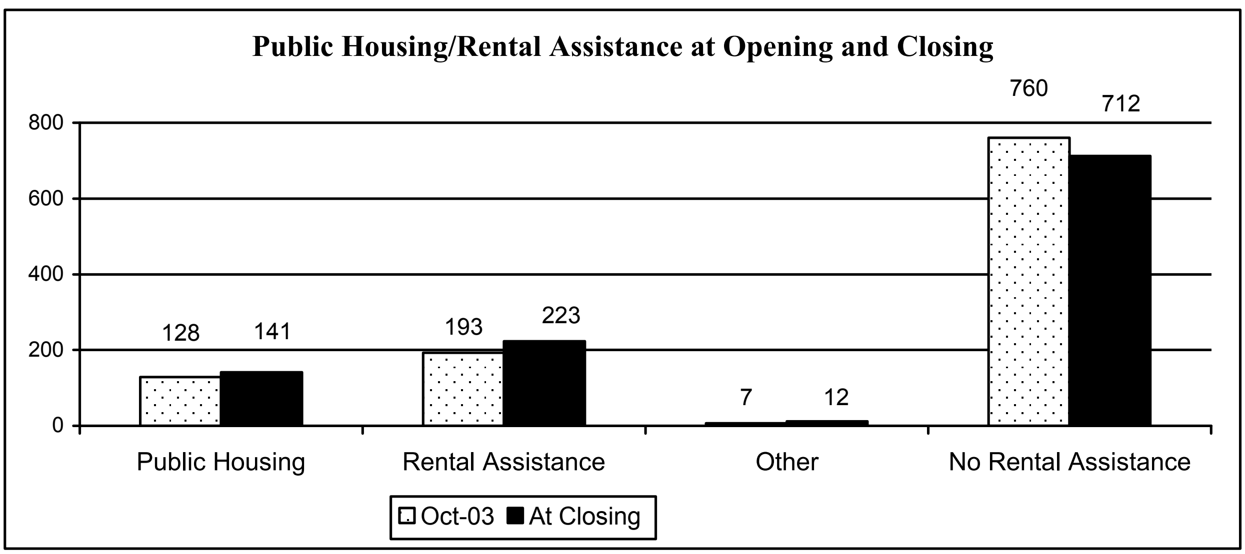
Literacy levels. TFA clients are tested in reading and math literacy using the widely accepted standardized instrument, the Comprehensive Adult Student Assessment System (CASAS). Most often using the ECS 130 version of the test, the CASAS was used to measure the individual's ability to apply basic skills in every day situations. The following figure shows the levels of reading and math functioning for the approximately half of clients for which this information is available.



Appendix L

Change in Assets and Income from TFA Opening to Closing

Assets for the 1,088 TFA Families in the Study that Closed				
	Families in October 2003		*Families at Closing*	
Asset	**Number**	**Percent**	**Number**	**Percent**
Own a vehicle (car, truck or motorcycle)	339	31%	365	34%
Own a home	10	1%	10	1%
Income				
Quarterly wages reported by DOL earned wage database	436	40%	563	52%
Receiving A Housing Subsidy/Living in Public Housing	328	30%	376	35%
Receiving Any Unemployment Compensation	183	17%	86	8%
Quarterly Unemployment Compensation as reported by DOL database	108	10%	101	9%
Receiving Any Child Support	61	6%	16	1%
Receiving Social Security	43	4%	58	5%
Gross Unearned Income	533	49%	334	31%
Gross Unearned Income Average	$689		$707	
Source: DSS				



Appendix M

TFA Recipients and Food Stamps, Housing, Child Care, and Health Insurance Assistance

Food Stamps. Most recipients also receive Food Stamps. Connecticut uses a joint TFA/Medicaid/Food Stamps application, although persons can apply for just one, two or all of the programs. All TFA recipients qualify for food stamps, a USDA federal program designed to help end hunger and improve nutrition and health. Food stamps are intended to assist low-income households buy the food they need for a nutritionally adequate diet.

Table M-1 shows the average food stamp amount in October 2003 by size of household. The monthly food stamp amount in the study sample ranged from an average of \$129 for an assistance unit with one TFA recipient, to an average of \$409 for an assistance unit with 6 TFA recipients. *The median food stamp amount was \$261 for a family of three,* the median TFA unit size.

Table M-1. Average Food Stamp Amount By Size of Assistance Unit	
Household Size	***Monthly Food Stamp Amount[1]***
1 (n=76)	\$129
2 (n=329)	\$196
3 (n=275)	\$261
4 (n=189)	\$307
5 (n=114)	\$334
6 (n=78)	\$409
[1]Information was available for 1,061 of the families (no information for 110 of the families) Source: DSS	

Housing Subsidy/Public Housing. As reported earlier, there were 350 families either living in public housing or receiving a housing subsidy in October 2003. Table M-2 shows that Section 8 housing subsidies are the most common type of housing assistance for these families. These figures are fairly similar to ones reported by DSS where 38 percent of TFA clients were reported to have received housing assistance in September 2006.

Table M-2. Type of Housing Assistance Received By TFA Recipients in October 2003		
Type of Assistance	***No. Receiving***	***Percent***
Section 8 housing subsidy	149	13%
Federally subsidized public housing	116	10%
Rent subsidy	61	5%
State subsidized public housing	16	1%
Other	8	1%
No housing assistance	821	70%
Total	1,171	100%
Source: DSS		

According to DSS, the average monthly housing assistance values in October 2006 were: \$705 for Section 8; \$674 for RAP, the rental assistance program; and \$583 for T-RAP, the temporary rental assistance program for working clients who have left TFA.

Additionally, while no average monetary value has been determined for families residing in housing projects, the cost to tenants in public housing is 30 percent of their adjusted gross income. Thus, while almost one-third of TFA clients received housing assistance of varying amounts, *the majority of families had no housing assistance*.

Care 4 Kids, was designed to offer financial assistance to moderate- and low-income families who need help to pay for child care. *All time-limited clients are eligible for Care 4 Kids while on TFA and also after they leave cash assistance as long as they meet the eligibility requirements*. The vouchers may be used at centers, licensed family day care homes, and unlicensed family and neighbor care. Payment rates differ based on the age of the child, type of child care provider, range of hours for which assistance is provided, existence of a child's special needs, and region of the state. Full-time care (35-50 hours per week), for example, ranges from $89 per week (for care in any region by a relative, care in the child's home, or recreational programs) to $227 per week (for care in the southwest region of the state in a licensed facility such as a child care center, group child care home, or school-operated program).

Out of approximately 10,750 families receiving Care 4 Kids subsidies in May 2006, a total of 1,721 were current TFA families—54 percent were current or former TFA recipients. Of the 1,721 TFA families, slightly more than half (56 percent) chose a licensed care provider. This figure is relatively low in comparison to non-TFA families. Table M-3, for example, shows that former TFA families are more likely to choose unlicensed day care than are non-former TFA families.

Medicaid. Almost all TFA clients qualify for HUSKY A for families. They also continue to receive medical assistance after they leave TFA for one year as long as family income does not go above 150 percent of the federal poverty level. Prior to July 2006, families had received transitional medical assistance for two years. According to the Office of Fiscal Analysis, Medicaid costs for TFA clients in FY 2006 was $194.50 per month per client on HUSKY. For a family of three, for example, the Medicaid cost would be $583.50.

TableM-3. Type of Day Care Used by Current/Former TFA and Non-TFA Recipients

Families	*Using Licensed Care*	*Using Unlicensed Care*	*Total*
Current TFA Families (n=1,721)	56%	44%	100%
[1]Former TFA Families (n=4,102)	54%	46%	100%
[2]Non-TFA Families (n=4,927)	75%	25%	100%

[1] Not currently receiving TFA, but received TFA within the past five years
[2] Did not receive TFA within the past five years
Source: DSS Child Care Team

Appendix N

Activities Participated in By JFES Clients Previously in the Program

Participation Rate for Clients in Sample Returning to JFES Before and After October 2003				
JFES Activity	*Participated Between October 2003-August 2006*	*Participated Prior to October 2003 Only*	*Total*	*Percent of 418*
Core Activity				
Unsubsidized Employment	176	24	200	48%
Subsidized Private Sector Employment	10	8	18	4%
Subsidized Public Sector Employment	3	2	5	1%
[1]Work Experience	1	0	1	<1%
On-The-Job Training	3	0	3	1%
Job Search and Job Readiness Training	240	58	298	71%
Vocational Education Training	92	32	124	30%
Community Service	2	2	4	1%
Child Care for Others Doing Community Service	1	0	1	<1%
Non-Core Work Activities				
Job Skills Training Directly Related to Employment	10	2	12	3%
Education Directly Related to Employment	57	31	88	21%
High School Completion/GED	1	3	4	1%

[1]Consistent with the Deficit Reduction Act definition, Beginning July 1, 2006, the activity previously defined as “work experience” will now be included under “subsidized employment.”
Source: Department of Labor

Appendix O

JFES Activities and Literacy Level

Proficiency Level[1] for Clients in Particular JFES Activities				
JFES Activity	***Average Reading Score***	***Average Reading Level***	***Average Math Score***	***Average Math Level***
Unsubsidized Employment (n=344)	234	4.6	218	3.2
Job Search and Job Readiness Training (n=438)	235	4.6	216	3.0
Vocational Education Training (n=172)	234	4.6	217	3.1
Education Directly Related to Employment (n=105)	226	3.9	213	2.7
[1]The higher the score, the more proficient the JFES client. Source: CTWBS.				

Appendix P
Financial Condition at Various Points in Time

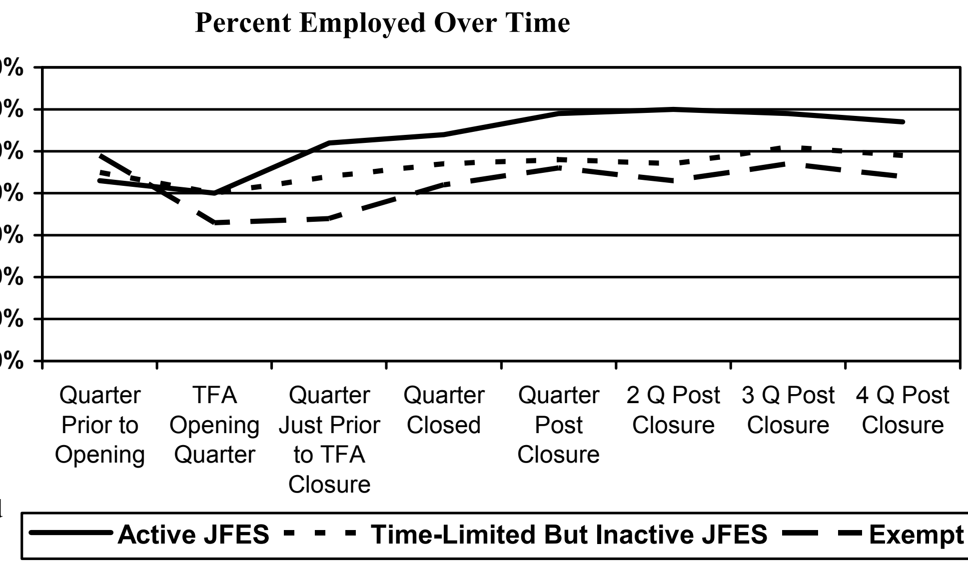
Financial Condition at Opening for families that had a subsequent closing				
Source	***Average Monthly Amount (N=974)***	***Time-Limited Families (n=868)***	***Time-Limited and Active in JFES (n=692)***	***Exempt Families (n=106)***
Earned income wages	$600 (n=383)	$588 (n=348)	$550 (n=277)	$723 (n=35)
TFA benefit amount	$410 (n=966)	$410 (n=861)	$411 (n=687)	$404 (n=105)
Food stamp benefit amount	$262 (n=887)	$261 (n=786)	$262 (n=627)	$268 (n=101)
Social Security amount	$420 (n=39)	$376 (n=32)	$342 (n=23)	$624 (n=7)
Child support amount	$316 (n=47)	$326 (n=44)	$334 (n=38)	$173 (n=3)
Unemployment compensation amount	$736 (n=177)	$747 (n=166)	$759 (n=136)	$571 (n=11)
Total Average	$1,047	$1,053	$1,045	$1,000
Total Median	$871	$876	$869	$865
Source: CTWBS and DOL Earned Wage Data Base				

Financial Condition of the 974 Closed families in the quarter prior to closure				
Source	***Average Amount (N=974)***	***Time-Limited Families (n=868)***	***Time-Limited and Active in JFES (n=692)***	***Exempt Families (n=106)***
Earned income wages	$809 (n=472)	$814 (n=436)	$762 (n=358)	$750 (n=36)
TFA benefit amount	$410 (n=966)	$410 (n=861)	$411 (n=687)	$404 (n=105)
Food stamp benefit amount	$262 (n=764)	$263 (n=673)	$260 (n=541)	$257 (n=91)
Social Security amount	$578 (n=36)	$571 (n=24)	$543 (n=14)	$592 (n=12)
Child support amount	$166 (n=5)	$263 (n=3)	$263 (n=3)	$19 (n=2)
Unemployment compensation amount	$602 (n=64)	$586 (n=57)	$581 (n=48)	$730 (n=7)
Total Average	$1,066	$1,075	$1,058	$991
Total Median	$868	$863	$872	$887
Source: CTWBS and DOL Earned Wage Data Base				

Financial Condition at Closing				
Source	***Average Monthly Amount (N=974)***	***Time-Limited Families (n=868)***	***Time-Limited and Active in JFES (n=692)***	***Exempt Families (n=106)***
Earned income wages	$1,063 (n=500)	$1,056 (n=456)	$1029 (n=374)	$1,129 (n=44)
TFA benefit amount	$0 (n=974)	$0 (n=868)	$0 (n=692)	$0 (n=106)
Food stamp benefit amount	$289 (n=566)	$295 (n=515)	$302 (n=423)	$227 (n=51)
Social Security amount	$719 (n=51)	$726 (n=33)	$748 (n=17)	$707 (n=18)
Child support amount	$292 (n=9)	$354 (n=7)	$397 (n=5)	$72 (n=2)
Unemployment compensation amount	$651 (n=81)	$630 (n=73)	$592 (n=60)	$848 (n=8)
Total Average	$808	$813	$813	$763
Total Median	$565	$567	$578	$535
Source: CTWBS and DOL Earned Wage Data Base				

Appendix Q

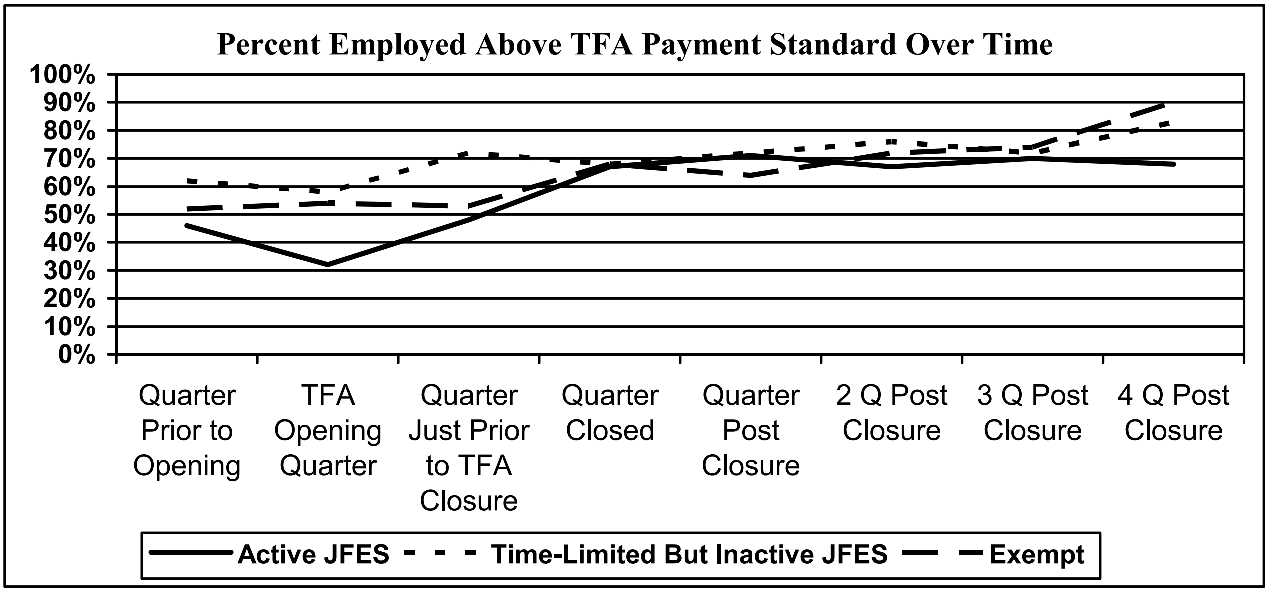
Financial Condition Over Time for JFES Active, Inactive and Exempt Clients



Source: EMS, DOL Wage Database, and CTWBS.

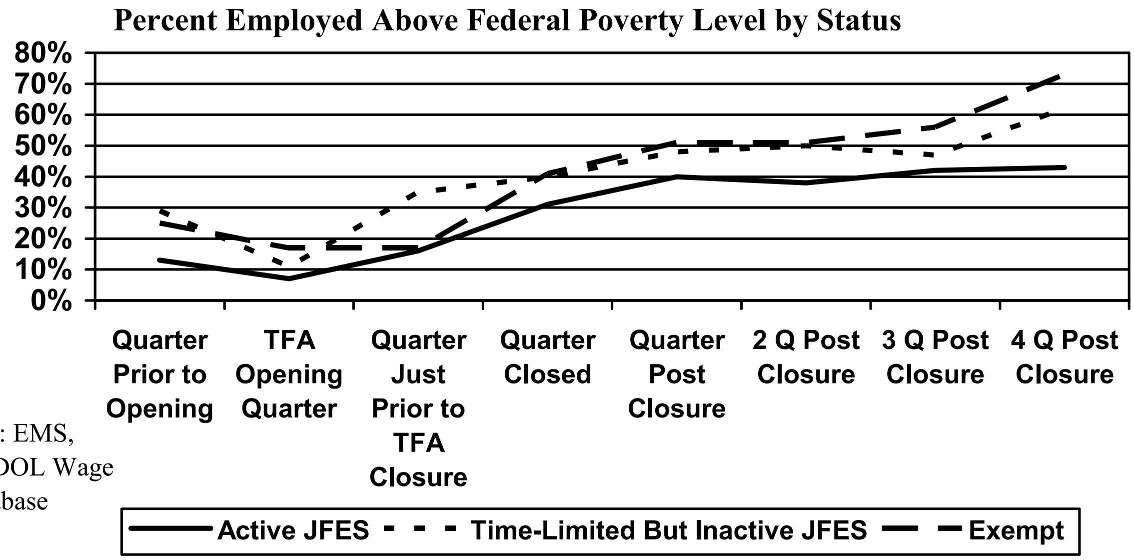
Appendix R

Percent of Clients Employed Above the TFA Payment Standard



Appendix S

Percent of JFES Active, Inactive and Exempt Clients
Earning Above the Federal Poverty Level



Source: EMS, CTWBS, DOL Wage Database

Appendix T

Reason for Case Closure for Exempt Families

Reasons for Case Closing For Exempt Families		
Reason for Closing	***Caring for Child Under One (n=129)***	***Temporary Incapacity (n=72)***
No show for required appointment or paperwork incomplete	28 (22%)	11 (15%)
Employed and earning above the Federal Poverty Level	41 (32%)	17 (24%)
Timed out or extension not approved	21 (16%)	10 (14%)
No longer a TFA-eligible child in the family	14 (11%)	15 (21%)
Family requested case closure	8 (6%)	4 (6%)
Income above limit	11 (8%)	10 (14%)
Sanctioned off TFA	1 (1%)	1 (1%)
Other	5 (4%)	4 (5%)
Total Closed Cases	129 (100%)[1]	72 (100%)
Source: Department of Social Services EMS		

Appendix U

Financial Condition of Exempt Families Caring for a Child under One or Due to Temporary Incapacity

Financial Condition at Opening and Closing for Exempt Families				
	Caring for Child Under One (n=129)		***Temporary Incapacity (n=72)***	
Financial Measures	**At Opening**	**At Closing**	**At Opening**	**At Closing**
Quarterly Wages				
$0	54%	49%	68%	56%
$1-300	9%	5%	10%	1%
$301-1,500	5%	1%	3%	1%
$1,501-3,000	23%	19%	11%	18%
Over $3,000	9%	26%	8%	24%
Above TFA Standard	17%	33%	11%	31%
Above FPL	4%	19%	6%	21%
Above Self-Sufficiency Standard	0%	0%	0%	0%
Source: EMS and DOL Earned Wage Data Base				

Appendix V

Outcomes for Time-Limited Non-JFES Participants					
Nonparticipation Category	***Left TFA employed with earnings above FPL in the two quarters after closure***	***Left TFA employed with earnings above TFA payment in two quarters after closure***	***Left TFA employed with earnings in the two quarters***	***Left TFA employed with earnings in the one quarter after closure***	***Left TFA unemployed***
time-limited for 1-3 months, then closed (n=34)	12%	21%	9%	9%	50%
time-limited for 4+ months and then closed (n=73)	26%	10%	3%	14%	48%
had both time-limited and exempt status (n=42)	14%	7%	5%	12%	62%
Total (N=149)	20%	11%	5%	12%	52%
Source: EMS and DOL Wage Data Base					

Appendix W

Number of Times Households Cycled On and Off TFA Between October 2003 and August 2006

Number of Times Households in the Sample Cycled On and Off of TFA Between October 2003 and August 2006		
Number of Times Cycled On and Off of TFA	***Number of Households***	***Percent of Households***
0	83	7%
1	854	73%
2	206	18%
3	27	2%
4	1	<1%
Total	1,171	100%
Source: Department of Social Services EMS		

Appendix X

Employment Sectors for JFES Active, Inactive and Exempt Clients

Percent of Clients Working in a Particular Industry Between October 2003 and March 2006 for JFES Active, Inactive and Exempt Clients						
	Active JFES Clients (n=692)		Inactive JFES Clients (n=176)		Exempt Clients (n=106)	
Sector	***Number***	***Percent***	***Number***	***Percent***	***Number***	***Percent***
Administrative, Support, Waste Management and Remediation Services	242	35%	48	27%	21	20%
Accommodation and Food Services	191	28%	31	18%	17	16%
Health Care and Social Assistance	173	25%	33	19%	17	16%
Retail	145	21%	30	17%	15	14%
Education	39	6%	4	2%	3	3%
Professional, Scientific and Technical	36	5%	7	4%	1	1%
Wholesale	35	5%	5	3%	0	0%
Arts, Entertainment and Recreation	29	4%	5	3%	5	5%
Finance and Insurance	28	4%	4	2%	1	1%
Transportation and Warehousing	25	4%	4	2%	6	6%
Construction	10	2%	9	5%	1	1%
Real Estate, Rental and Leasing	27	4%	4	2%	1	1%
Information	18	3%	4	2%	4	4%
Manufacturing	11	1%	3	2%	1	1%
Public Administration	2	<1%	2	1%	2	2%
Agriculture	4	1%	1	1%	0	0%
Other	57	8%	9	5%	5	5%
Total Number of Clients in Sample	692	100%	176	100%	106	100%

Appendix Y. Percent of People Below Poverty Using EITC by State, 2003.		
State	***Persons Below Poverty Level***	***Persons Receiving EITC***
Alabama	17.1%	25.82%
Alaska	9.7%	11.22%
Arizona	15.4%	17.48%
Arkansas	16.0%	24.87%
California	13.4%	16.38%
Colorado	9.8%	12.80%
Connecticut	8.1%	10.17%
Delaware	8.7%	14.64%
District of Columbia	19.9%	18.72%
Florida	13.1%	20.01%
Georgia	13.4%	22.49%
Hawaii	10.9%	14.31%
Idaho	13.8%	17.39%
Illinois	11.3%	14.93%
Indiana	10.6%	15.10%
Iowa	10.1%	12.89%
Kansas	10.8%	14.48%
Kentucky	17.4%	19.65%
Louisiana	20.3%	28.65%
Maine	10.5%	13.99%
Maryland	8.2%	13.42%
Massachusetts	9.4%	10.05%
Michigan	11.4%	14.09%
Minnesota	7.8%	10.73%
Mississippi	19.9%	32.22%
Missouri	11.7%	16.94%
Montana	14.2%	17.00%
Nebraska	10.8%	13.63%
Nevada	11.5%	15.47%
New Hampshire	7.7%	9.68%
New Jersey	8.4%	12.05%
New Mexico	18.6%	24.43%
New York	13.5%	17.25%
North Carolina	14.0%	20.49%
North Dakota	11.7%	13.08%
Ohio	12.1%	14.38%
Oklahoma	16.1%	21.56%
Oregon	13.9%	14.18%
Pennsylvania	10.9%	13.32%
Rhode Island	11.3%	13.05%
South Carolina	14.1%	23.60%
South Dakota	11.1%	15.38%
Tennessee	13.8%	21.38%
Texas	16.3%	23.26%
Utah	10.6%	14.32%
Vermont	9.7%	12.59%
Virginia	9.0%	14.62%
Washington	11.0%	12.55%
West Virginia	18.5%	19.57%
Wisconsin	10.5%	11.24%
Wyoming	9.7%	14.23%